MISSOURI DEVELOPMENT FINANCE BOARD

(A Component Unit of the State of Missouri)

Comprehensive Annual Financial Report

For the year ended June 30, 2005

MISSOURI DEVELOPMENT FINANCE BOARD
A COMPONENT UNIT OF THE STATE OF MISSOURI

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2005

PREPARED BY:
THE ACCOUNTING DEPARTMENT:

- **PAMELA IVES HILL, CPA, EDFP – ASSISTANT DIRECTOR & CONTROLLER**
- **KRYSTAL SABARTINELLI, CPA – ACCOUNTANT**
- **TONYA LOUCKS – ACCOUNTANT**

MISSOURI DEVELOPMENT FINANCE BOARD

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005

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MISSOURI DEVELOPMENT FINANCE BOARD

Principal Officials

BOARD MEMBERS

The Honorable Peter Kinder, Lieutenant Governor, Chairman
Mr. John D. Starr, Vice Chair
Mr. Larry D. Neff, Secretary
Mr. Nelson C. Grumney, Jr., Treasurer
Ms. Elizabeth T. Solberg
Mr. Paul S. Lindsey
Mr. Richard J. Wilson
Mr. James D. Hill
Mr. L. B. Eckelkamp, Jr.
Mr. Troy L. Wilson
Mr. Gregory A. Steinhoff, Director,
Department of Economic Development
Mr. Fred Ferrell, Director, Department of Agriculture

BOARD COUNSEL

Mr. David Queen, Esq. Gilmore & Bell, P.C.

STAFF

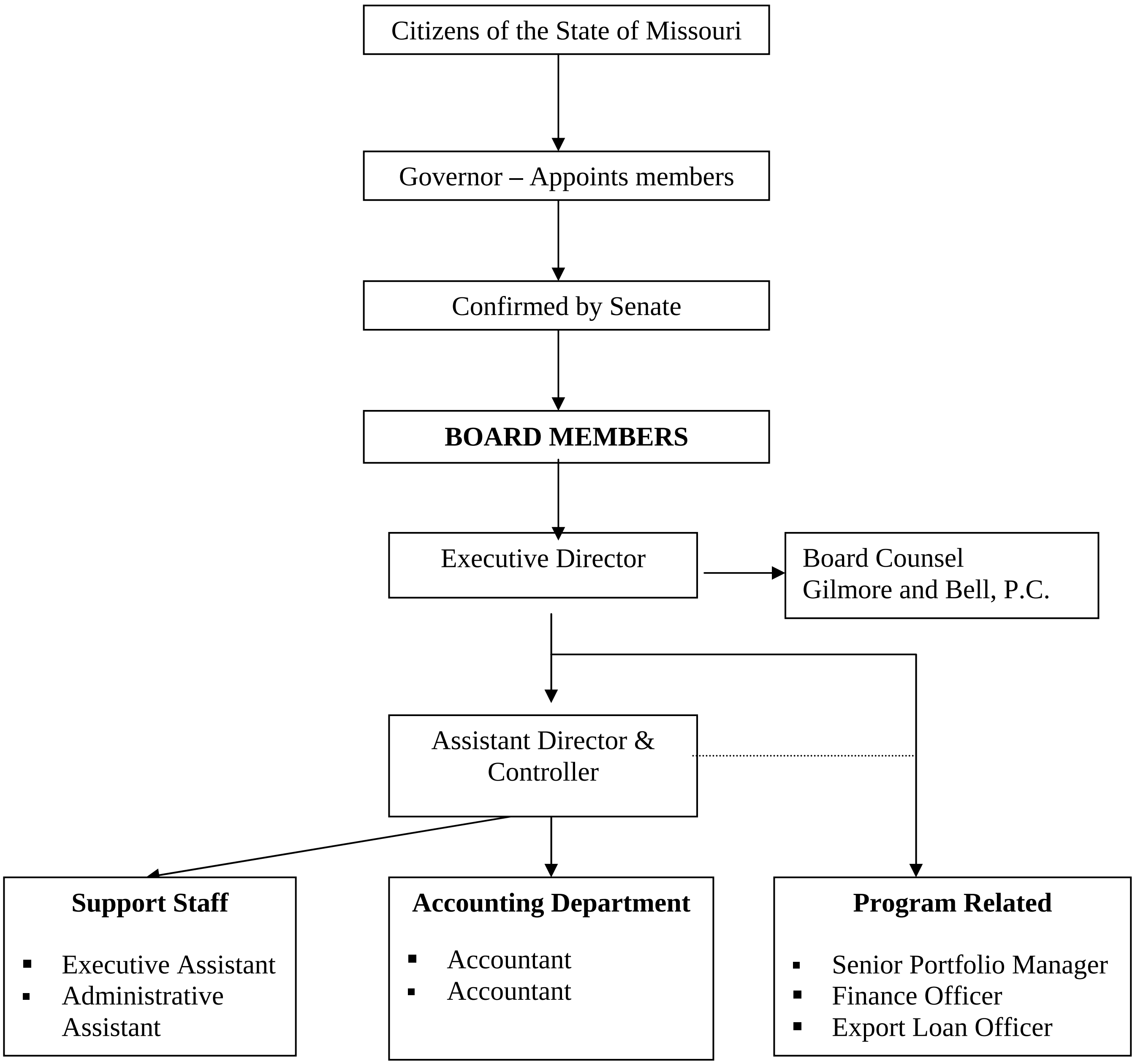
Mr. Robert V. Miserez, Executive Director
Ms. Pamela Ives Hill, CPA, EDFP, Assistant Director & Controller
Ms. Krystal Sabartinelli, CPA, Accountant
Ms. Tonya Loucks, Accountant
Ms. Kathleen Barney, Senior Portfolio Manager
Ms. Alice Bernard-Jones, Export Loan Officer
Ms. Valerie Haller, Executive Assistant
Ms. Cheryl M. Morgan, Administrative Assistant

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Williams Keepers LLC

MISSOURI DEVELOPMENT FINANCE BOARD

Organizational Chart



MISSOURI DEVELOPMENT FINANCE BOARD

September 9, 2005

Members of the Missouri Development Finance Board:

We are pleased to submit the comprehensive annual financial report of the Missouri Development Finance Board (the "Board") of the State of Missouri for the fiscal year ended June 30, 2005. The accounting department prepared this report, while responsibility for both the accuracy of the presented data and the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that was established for this purpose, rests with the Board. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams Keepers LLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Missouri Development Finance Board's financial statements for the year ended June 30, 2005. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read with it, as well.

PROFILE OF THE GOVERNMENT

The Missouri Development Finance Board is a "body corporate and politic" created by the State of Missouri. Its statutory citation is the Revised Statutes of Missouri (RSMo) 100.250 to 100.297. The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. The Board is classified as a proprietary fund and is a discretely presented component unit within the State of Missouri's Comprehensive Annual Financial Report.

The original development board was created by Missouri statute in 1982 as the Missouri Industrial Development Board. The current legislative authorization dates to 1993 and was the fourth major statutory change since 1982. Each of these changes resulted in increased authority and responsibility for the Board in economic development and infrastructure financing.

The Board provides a diverse array of financing programs and structures to carry out its mission of facilitating economic and infrastructure development projects. The Board administers eleven different programs that correspond to its mission to benefit the citizens of the State of Missouri. The Board's programs include:

1. Single issue industrial revenue bond projects - Private purpose projects.
   Pursuant to RSMo 100.270, the Missouri Development Finance Board is authorized to issue industrial revenue bonds. Interest on these bonds can be taxable or tax exempt. The bonds can be issued for the acquisition or renovation of fixed assets owned by businesses involved in the manufacturing or production of tangible products.

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2. Single issue infrastructure bond projects. - Public purpose projects.
   Missouri Statute 100.263 authorized the public purpose infrastructure bond program in 1989. These bonds finance essential infrastructure improvements and related work for local governments, state agencies, and qualified public/private partnerships.

3. Missouri Tax Credit for Contributions.
   Missouri Statute 100.286.6 authorized the Missouri Tax Credit for Contributions program. Through this program, the Missouri Development Finance Board is authorized to grant tax credits equal to fifty percent of contributions. Contributions are used to pay the costs of projects for Missouri governmental, quasi-governmental and nonprofit entities which have been approved by the Board. Per statute, the Board is authorized to use a maximum of $10 million in tax credits during any *calendar year*. The statutory limitation can be exceeded with the consent of the Directors of Economic Development and Revenue and the Commissioner of Administration.

4. Tax Credit Bond Enhancement Program.
   The Tax Credit Bond Enhancement Program provides a tax credit enhancement on behalf of Public Entities for certain bonds. This program uses the Board's bond tax credits as collateral.

5. Direct Loan Program.
   The Direct Loan Program provides direct loans at reasonable interest rates.

6. BUILD Missouri (Business Use Incentives for Large-Scale Development) Program.
   The BUILD Missouri Program is an incentive tool that allows the Department of Economic Development and the Board to finance a portion of the costs of qualifying capital investments for eligible businesses that seek to locate or expand in Missouri. The incentives offered by BUILD are designed to offset infrastructure and other capital costs of certain large projects by making the cost of investing in Missouri more competitive.

7. Quick Loan Program.
   The purpose of this program is to provide Missouri governmental and quasi-governmental entities quick access to short-term loans at tax-exempt rates. Loans should be for a minimum of $250,000 with a maximum maturity of seven years. Loans need not be secured by any property and may be subject to annual appropriation. Borrowers must have a demonstrated history of repayment ability.

8. Missouri Infrastructure Development Loan Program (MIDOC).
   Through this program, the Board offers long-term, low-interest loans to local political subdivisions, including public water and sewer districts, to fund infrastructure improvements. Water and sewer projects addressing public health and safety receive priority. The Program is structured as a revolving loan program with repayment proceeds used to provide additional loans for eligible infrastructure projects. Interest rates are three percent with a maximum loan amount of $100,000.

9. Loan Guarantees.
   The Board is empowered under RSMo section 100.250 to 100.297, as amended, to guarantee loans to credit-worthy businesses which cannot otherwise obtain credit at reasonable rates and terms in order to create or retain full-time employment.

10. City/State Partners Program.
    The City/State Partners Program is a joint effort between the Ex-Im Bank and state and local entities around the country to bring Ex-Im Bank's financing services to small and medium-sized U.S. companies that are ready to export. The Board markets programs offered by the Ex-Im Bank and packages applications for these programs. The Board's relationship with the Ex-Im Bank provides Missouri companies a direct line to export financing. In addition, the Board's relationship with the U.S. Small Business Administration (SBA) and the State Treasurer's Office provide loan programs to support the production of goods and services for export.

11. Missouri Downtown Economic Stimulus Act (MODESA)
    The MODESA Program is an incentive tool that allows the Department of Economic Development and the Board to facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization

The Board completed fiscal year 2005 in excellent financial condition. The change in net assets in fiscal year ended June 30, 2005 was $12,062,000 versus $7,275,040 in fiscal year 2004. The Board's activities not only provided funding for the Board's operations but also helped maintain the Board's balance sheet. Assets were $137,652,531 and $112,704,153 at June 30, 2005 and June 30, 2004, respectively. The Board's involvement in very large projects has grown and, correspondingly, the Board's on-going responsibility to monitor those projects and their funds has significantly increased.

LOCAL ECONOMY

As a major manufacturing, financial, and agricultural state, Missouri's diverse economic health is tied closely to that of the nation. The economic outlook will follow the national trends during fiscal year 2005. At the end of June 2005, the state unemployment rate was 5.4% compared to 5.7% at the end of June 2004. The national rate was 5.0% and 5.6% at June 30, 2005 and 2004, respectively.

MAJOR INTIATIVES

During fiscal year ended June 30, 2005, the Board has assisted 20 projects that will result in total Board related financing of almost $112.2 million dollars. The Board has authorized an additional 10 projects that are in various stages of development that will result in over $142.1 million in financing once complete. During fiscal years ended June 30, 2004 and 2003, the Board assisted 13 and 12 projects, respectively.

Kansas City International Airport Overhaul Base Project

In May 2004, the Board approved the issuance of up to $16,000,000 in Tax Credits for Contribution for public infrastructure associated with the Kansas City International Airport Overhaul Base project in Kansas City. See footnote 11 for further details.

Ninth Street Garage and Old Post Office and U.S. Custom House

In October 2004, the Board closed on Ninth Street Garage and Old Post Office and U.S. Custom House (NSG/OPO) plan utilizing the Tax Credits for Contribution program that was approved in November 2002. The Board accepted approximately $28,000,000 in contributions for $14,000,000 in tax credits to provide for

staging the overall NSG/OPO project in St. Louis. The money will be used for the acquisition, environmental remediation, and demolition of the Century building. Further, the Board will construct, own, and operate the Ninth Street Garage on the site of the Century building and acquire and lease the Old Post Office and U.S. Custom House.

The "Old Post Office Project" or the "OPO Project," consists of the acquisition and renovation of the U.S. Custom House and Old Post Office. Construction was started on this 242,000 square foot building in 1872 and was finished by 1884. It is currently designated a National Historic Landmark. The "Ninth Street Garage Project" or the "NSG Project" consists of the acquisition and demolition of the Century Building and the construction of a new 1,050 space multi-level parking garage located to the west of the OPO Project.

The parking made available by the development and construction of the NSG is a condition of the redevelopment of the Old Post Office and U.S. Custom House building nearby. The OPO Project redevelopment would not occur without the availability of parking provided by the NSG.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America. Total costs of the OPO Project, with financing costs and reserves, are approximately $44,940,000, exclusive of contributions made by the OPO Project through to the NSG Project

The Board owns the NSG Project. The total costs of acquiring, constructing and providing for the initial operations of the NSG Project are estimated to be $32,793,200. Approximately $15,793,000 of this amount was funded by the Board from the proceeds of contributions made by St. Louis businesses and foundations pursuant to the Board's tax credit for contribution program. An additional amount of $500,000 has been contributed by the Board from its cash reserves. The balance of the NSG Project costs will be funded from the proceeds of the Board's $16,500,000 Infrastructure Facilities Revenue Bonds (Ninth Street Garage Project) Series 2004 issued on October 14, 2004. See note 7 of the notes to the financial statements for further details.

BUILD Missouri

RSMo Section 100.700 approved the Business Use Incentives for Large-Scale Development Act that created the BUILD Missouri program. During fiscal year 2005, five bond issues were approved and four issues were closed, and during 2004, five issues were approved while one issue was closed. During fiscal year 2003, one issue was approved while three issues were closed.

Since the program's inception, the Board has approved 31 BUILD bond projects for various locations throughout the State. The total jobs created—once all currently approved BUILD bonds are issued—will be over 12,880 jobs and will include over $1.914 billion in new private investment within Missouri.

Smaller Communities

While many of the bond and tax credit projects are very large, the Board continues to work toward its goal to actively seek out-state projects (outside the metropolitan areas of Kansas City and St. Louis). These efforts can be demonstrated by the initiation of the Downtown Revitalization Tax Credit for Contribution Program that focuses on smaller, out-state communities. In January 2001, the Board approved the restructuring of the Downtown Revitalization Tax Credit Program and allocated $500,000 in tax credits annually to help maximize the program's impact on smaller communities.

The Board has given formal approval to the revitalization plans of the Cities of Lexington, Sweet Springs, Versailles, Charleston, Monett, Warsaw, Warrensburg, Cabool, Jefferson City and Neosho. Also, during fiscal year 2005, the Board approved $325,000 of the Tax Credit for Contribution program for the City of Kearney's amphitheater project.

During fiscal years 2004 and 2003, the Board approved two and five, respectively, new Infrastructure Development Fund (MIDOC) loans to improve the water and wastewater system needs of smaller

During fiscal years 2004 and 2003, the Board approved two and five, respectively, new Infrastructure Development Fund (MIDOC) loans to improve the water and wastewater system needs of smaller communities. During its history, the MIDOC program has issued 72 out-state loans with over $4.31 million in loaned principal.

Future Projects

The Board has many significant projects in progress that will impact both the metropolitan and rural areas of the State. The closing and commencement of renovation of the Old Post Office and the 9th Street Garage will assist in improving the area around one of its most complex projects, the St. Louis Convention Center Hotel.

Furthermore, the Board is continuing work with the City of Kansas City on projects with the Kansas City Library Garage, Performing Arts Center and KC Live.

In addition, the Board has five BUILD bonds in process and two other bond projects authorized, but not yet issued.

RELEVANT FINANCIAL POLICIES

Internal Controls

In fulfilling its responsibilities for reliable financial statements, management depends on the Board's system of internal control. This system is designed to provide reasonable assurance that assets are effectively safeguarded and transactions are executed in accordance with management's authorization and properly classified. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The members of the Board review and approve financial information on a monthly basis for appropriateness, reliability, clarity, and timeliness.

Budgetary Controls

The Board is not legally required to adopt a fiscal budget, has not adopted a fiscal budget, and hence, no budget-to-actual schedules are included within the financial statements.

Primary Functions

The Board's mission is to assist infrastructure and economic development projects in Missouri that have a high probability of success, but are not feasible without the Board's assistance.

The Board's primary function is to structure and participate in the financing of Missouri business and public infrastructure. As mentioned before, the Board administers eleven different programs that correspond to its mission to benefit the citizens of the State of Missouri.

Proprietary Operations

The Board's funds are all Proprietary – Enterprise funds and are maintained on the accrual basis of accounting. Thus, revenues are recognized when earned and expenses are recorded when the liability is incurred.

Debt Administration

One of the Board's primary functions is as a conduit issuer of bonds for public and private entities. With the exception of the Ninth Street Garage project entered into during the current fiscal year and the St. Louis Conference Center Hotel and Garage project entered into during fiscal year 2001, the Board has no liability for repayment of revenue bonds and funding notes aside from any required reserve fund deposits and, accordingly, these bonds and notes have not been recorded in the accompanying financial statements. Security for the bondholders consists of insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

For additional information regarding the Board's debt, refer to Note 7 of the notes to the financial statements and the debt-related tables presented in the Statistical Section of this Report.

Cash Management

The accounting department strives to keep abreast of current trends and procedures for cash management and forecasting to insure the efficient and profitable use of the Board's cash resources. Interest bearing accounts are used for all cash operations, with excess funds invested primarily in short-term U.S. Government Agency securities. All funds in bank accounts are 100% collateralized.

Risk Management

Fiduciary bonding and workers compensation insurance are maintained through various commercial insurance companies. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Conference Center Hotel parking garage and the Kansas City Library parking garage. The Board is self-insured for all other risks of loss.

The Board maintains employee health insurance through the Blue Cross and Blue Choice Health Insurance Plan. The Board pays for employee and family coverage.

The Board provides life insurance for its employees at two times their annual salary and long-term disability insurance through American General and Northwest Mutual Insurance Company respectively.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Missouri Development Finance Board for its Comprehensive Annual Financial Reports for the fiscal year ended June 30, 2004 and this is the fifth consecutive year the Board has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

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ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report could not have been accomplished without the dedicated services of all Board staff. We would also like to thank the firm of Williams-Keepers LLC and their staff for their assistance in the preparation of this report.

Respectfully submitted,

Pamela Ives Hill, CPA, EDFP	Krystal Sabartinelli, CPA	Tonya Loucks
Assistant Director & Controller	Accountant	Accountant

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri Development Finance Board

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Nancy L. Zielke
President

Jeffrey R. Esser
Executive Director

FINANCIAL SECTION

WILLIAMS
KEEPERS LLC 105 E. Ash St. Columbia, MO 65203 (573) 442-6171 (573) 449-5196
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

COLUMBIA;
JEFFERSON CITY
MEXICO

INDEPENDENT AUDITORS' REPORT

Members of the Missouri
Development Finance Board:

We have audited the accompanying financial statements of the Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund, and the business-type activities of the Missouri Development Finance Board (the Board), a component unit of the State of Missouri, as of and for the years ended June 30, 2005 and 2004, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Industrial Development and Reserve Fund, Parking Garage Fund, Infrastructure Development Fund and the business-type activities of the Missouri Development Finance Board as of June 30, 2005 and 2004, and the respective changes in its financial position and cash flows thereof for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Williams Keepers LLC

August 10, 2005

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

Management's Discussion and Analysis

As management of the Missouri Development Finance Board (the "Board"), we offer readers of the Board's financial statements this narrative overview and analysis of the financial activities of our organization for the fiscal year ended June 30, 2005.

Financial Highlights

- The assets of the Board exceeded its liabilities at the close of the 2005 fiscal year by $69,488,000 (*Net Assets).* Of this amount, $24,209,068 *(Unrestricted Net Assets)* may be used to meet the Board's ongoing obligations to citizens and creditors.

- The Board's total net assets increased by $12,062,000 during fiscal year 2005. Most of the increase is attributable to contributed revenue for the tax credit for contribution program that will be used to build a parking garage the Board will own and operate in St. Louis' downtown urban core to facilitate economic development.

- At the end of the 2005 fiscal year, the unrestricted fund balance for the Industrial Development and Reserve Fund was $24,416,318, or approximately 2.24 times the Industrial Development and Reserve Fund's 2005 operating and non-operating expenditures of $10,887,931.

- The Board's total debt increased by $16,500,000 (47.7%) during the 2005 fiscal year and the key factor in this increase was the issuance of $9,500,000 Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds for the construction of the NSG Project in St. Louis that will support the OPO Project in St. Louis's downtown.

- In addition, the Board received $4,714,144 and $20,800,000 tax credit contributions in fiscal years 2005 and 2004, respectively, for the construction of the NSG and renovation of the OPO Projects. Of the total amount received, $5,000,000 was previously recognized as revenue, and the remaining $20,514,144 was recognized as contribution revenue in fiscal year 2005 when the project was finalized in October 2004. The garage operations will be a new source of revenue and expense for the Board, as well as an increase in capital assets. Please see notes 8, 9, and 10 to the financial statements for further details.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board's basic financial statements. Typically, government financial statements would be presented as three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

However, because the Board uses only Proprietary funds which present financial statement information in the same manner as government-wide financial statements only with more detail, we present two components. The Board's basic financial statements comprise: 1) fund financial statements and 2) notes to the financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other discretely presented component units of the State of Missouri (as defined by GASB Statement No. 14), uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. There are three categories available for governmental accounting: governmental funds, proprietary funds and fiduciary funds. The Board's funds are considered proprietary funds.

Proprietary funds. Of the two types of proprietary funds, the Board maintains one type: Enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities. Specifically, Enterprise funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Industrial Development and Reserve Fund, the Parking Garage Fund, and the Infrastructure Development Fund (MIDOC). The Industrial Development and Reserve Fund and the Parking Garage Fund are considered to be major funds of the Board.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, assets exceeded liabilities by $69,488,000 at the close of fiscal year 2005, by $57,426,000 at the close of fiscal year 2004, and by $50,150,960 at the close of fiscal year 2003.

The following summarizes the composition of the Board's net assets as of June 30:

	2005		2004		2003	
	$	%	$	%	$	%
Investment in capital assets, net of related debt	$ 9,493,788	13.66%	$ 20,034,676	34.89%	$ 7,018,010	13.99%
Restricted	35,785,144	51.50%	7,766,352	13.52%	11,382,872	22.70%
Unrestricted	24,209,068	34.84%	29,624,972	51.59%	31,750,078	63.31%
	$ 69,488,000	100.00%	$ 57,426,000	100.00%	$ 50,150,960	100.00%

Unrestricted net assets are funds which may be used to meet the Board's ongoing obligations to citizens and creditors. Restricted net assets are restricted to specific purposes and may not be used for anything else. Capital assets are used to provide services to the citizens of Missouri. The decrease in investment in capital assets, net of related debt, for the current fiscal year is primarily due to the issuance of $16,500,000 in bond debt for the NSG Project for the construction of the parking garage in St. Louis. Due to the significance of operations, this activity is reflected in the Parking Garage Fund. In addition, construction in progress of

(Continued)

$1,588,445 at June 30, 2004, related to the OPO project was reclassified to a note receivable due to the terms of the project closing in October, 2004. This was recorded in the Industrial Development and Reserve Fund.

The increase in net assets for the current fiscal year is due to the change in net assets from contributed revenue of $20,514,144 for the construction of the NSG and the renovation of the OPO projects offset by a $8,452,142 decrease in income before contributed revenue primarily due to bad debt expense of $9,448,681. The increase in net assets for fiscal year 2004 is due to the change in net assets from the contributed revenue of $5,799,361 for the construction of the Kansas City Library Parking Garage and $1,451,175 increase in income before contributed revenue. The increase in net assets for fiscal year 2003 is due to the change in net assets from the contributed revenue of $10,000,639. Of that total, $5,000,000 was for the construction of the NSG/Century demolition and the OPO projects renovation and $5,000,639 was for the construction of the Kansas City Library Parking Garage.

The following summarizes the changes in net assets for the years ended June 30:

	2005		2004		2003	
	$	%	$	%	$	%
Operating income (loss)	$ (9,142,828)	-75.80%	$ 1,334,391	18.34%	$ 704,581	6.43%
Non-operating revenue	690,686	5.73%	116,788	1.61%	256,110	2.34%
Contributed revenue	20,514,142	170.07%	5,799,361	79.72%	10,000,639	91.24%
Gain on sale of asset	-	0.00%	24,500	0.34%	-	0.00%
Change in net assets	$ 12,062,000	100.00%	$ 7,275,040	100.00%	$ 10,961,330	100.00%

The decrease in operating income from 2004 to 2005 by $10,477,219 is primarily related to decreased participation fees of $275,306 due to normal fluctuations in projects; increased operating costs due to office relocation, leasing and office expenses of $96,565; additional professional fees of $441,903 that includes $389,591 for professional studies requested by the Department of Economic Development; increased depreciation expense of $138,309 due to the Kansas City Library Garage and increased bad debt expense of $9,448,681. Other considerations for the decrease in operating income are an increase in personnel service costs of $68,518 and an increase in miscellaneous expenses of $114,387. Interest income on loans and notes receivable were $232,851 and $223,954 for fiscal year 2005 and 2004, respectively. The increase in non-operating revenue is due to a $664,947 increase in interest income from cash and investments.

The increase in operating income from 2004 to 2003 is primarily related to increased participation fee income of $593,350 related primarily to the St. Louis Cardinals baseball park project, garage revenue of $843,456 offset by decreased interest income of $603,002 and parking garage expenses of $233,569

Restricted assets increased $22,960,537 from 2005 to 2004 primarily due to the increase in the OPO project loan for disbursements on this renovation project and the issuance of $16,500,000 in industrial revenue bonds on the NSG project.

Further detailed information related to the Board's net assets and changes in net assets are included on the following pages.

(Continued)

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

Missouri Development Finance Board's Net Assets

	Business-Type Activities														
	Industrial Development & Reserve Fund 2005	Parking Garage Funds 2005	Infrastructure Development Fund 2005	Eliminations or Transfers 2005	Industrial Development & Reserve Fund 2004	Parking Garage Funds 2004	Infrastructure Development Fund 2004	Eliminations or Transfers 2004	Industrial Development & Reserve Fund 2003	Parking Garage Funds 2003	Infrastructure Development Fund 2003	Eliminations or Transfers 2003	Totals 2005	Totals 2004	Totals 2003
Current & Other assets	24,728,736	399,714	2,379,218	(1,172,992)	27,489,101	12,349,477	2,411,190	(12,127)	29,326,156	14,119,422	2,346,950	(416,384)	26,334,676	42,237,641	45,376,144
Restricted Assets	40,302,221	26,921,846			32,331,836	11,931,694			23,025,426				67,224,067	44,263,530	23,025,426
Capital assets	1,563,286	42,530,502			3,101,420	35,033,256			2,175,101	25,942,909			44,093,788	38,134,676	28,118,010
Total assets	66,594,243	69,852,062	2,379,218	(1,172,992)	62,922,357	59,314,427	2,411,190	(12,127)	54,526,683	40,062,331	2,346,950	(416,384)	137,652,531	124,635,847	96,519,580
Current liabilities	312,418	2,985,432	750	(1,172,992)	200,742	474,400		(12,127)	2,014,930	3,476,128	2,250	(416,384)	2,125,608	663,015	5,076,924
Long-term liabilities outstanding	31,438,923	34,600,000			30,792,138	23,823,000			20,191,696	21,100,000			66,038,923	54,615,138	41,291,696
Total liabilities	31,751,341	37,585,432	750	(1,172,992)	30,992,880	24,297,400		(12,127)	22,206,626	24,576,128	2,250	(416,384)	68,164,531	55,278,153	46,368,620
Net Assets:															
Invested in capital assets, net of related debt	1,563,286	7,930,502			3,101,420	16,933,256			2,175,101	4,842,909			9,493,788	20,034,676	7,018,010
Restricted	8,863,298	26,921,846			1,557,658	6,208,694			965,991	10,416,881			35,785,144	7,766,352	11,382,872
Unrestricted	24,416,318	(2,585,718)	2,378,468		27,270,399	(56,617)	2,411,190		29,178,965	226,413	2,344,700		24,209,068	29,624,972	31,750,078
Total net assets	34,842,902	32,266,630	2,378,468		31,929,477	23,085,333	2,411,190		32,320,057	15,486,203	2,344,700		69,488,000	57,426,000	50,150,960

(Continued)

MISSOURI DEVELOPMENT FINANCE BOARD
(A Component Unit of the State of Missouri)

Missouri Development Finance Board Change in Net Assets

	Business-Type Activities												
	Industrial Development & Reserve Fund 2005	Parking Garage Fund 2005	Infrastructure Development Fund 2005	Industrial Development & Reserve Fund 2004	Parking Garage Fund 2004	Infrastructure Development Fund 2004	Industrial Development & Reserve Fund 2003	Parking Garage Fund 2003	Infrastructure Development Fund 2003	Eliminations or Transfers 2003	Totals 2005	Totals 2004	Totals 2003
Revenues:													
Participation fees	1,098,353			1,373,659			1,227,872			(453,563)	1,098,353	1,373,659	774,309
Interest on loans & notes receivables	180,044		52,807	158,237		65,717	763,780		63,176		232,851	223,954	826,956
Rental income	25,057			25,008			25,008				25,057	25,008	25,008
Contractual income	60,648			56,934			56,684				60,648	56,934	56,684
Parking garage income		1,815,481			1,573,553			730,097			1,815,481	1,573,553	730,097
Other income	54,010			14,552			1,187				54,010	14,552	1,187
Capital grants & contributions	10,491,144	10,022,998			5,799,361			10,000,639			20,514,142	5,799,361	10,000,639
Non-operating revenues:													
Interest on cash & investments	758,870	476,432	6,330	477,873	98,039	773	565,824	31,475	1,042		1,241,632	576,685	598,341
Total revenues	12,668,126	12,314,911	59,137	2,106,263	7,470,952	66,489	2,640,355	10,762,211	64,218	(453,563)	25,042,174	9,643,706	13,013,221
Expenses:													
Personnel	603,068			534,550			497,701				603,068	534,550	497,701
Professional fees	542,008	2,581		94,260	8,426		217,156	444,004		(444,004)	544,589	102,686	217,156
Depreciation & amortization	75,899	607,117		70,603	474,104		100,297	394,300			683,016	544,707	494,597
Parking garage operating expenses		813,265			568,394			334,825			813,265	568,394	334,825
Other expenses	9,666,956	26,475	91,859	171,930	11,002		157,490	17,450		(9,559)	9,785,290	182,932	165,381
Non-operating expenses:													
Bond interest expense		550,946			459,897		256,802	85,429			550,946	459,897	342,231
Total Expenses	10,887,931	2,000,384	91,859	871,343	1,521,823		1,229,446	1,276,008		(453,563)	12,980,174	2,393,166	2,051,891
Increase in net assets	1,780,195	10,314,527	(32,722)	1,234,920	5,949,129	66,489	1,410,909	9,486,203	64,218		12,062,000	7,250,540	10,961,330
Net assets, beginning of year	31,929,477	23,085,333	2,411,190	32,320,057	15,486,204	2,344,701	36,909,148		2,280,482		57,426,000	50,150,960	39,189,630
Interfund transfers	1,133,230	(1,133,230)		(1,650,000)	1,650,000								
Gain on sale of asset				24,500								24,500	
Reclassification of net assets:							(6,000,000)	6,000,000					
Net assets, end of year	34,842,902	32,266,630	2,378,468	31,929,477	23,085,333	2,411,190	32,320,057	15,486,203	2,344,700		69,488,000	57,426,000	50,150,960

(Continued)

- Participation fees declined by $275,306 (20%) during the current fiscal year. The decline is due to decreased fee income for the tax credit for contribution program. Participation fees after eliminations during the prior fiscal year increased $599,350 (77%). During fiscal year 2003, they increased by $274,023 (29%), but after interfund eliminations, declined by $179,540 (-19%). The 77% increase in participation fees in fiscal year 2004 is from increased fee income from the tax credit for contributions program. The increase in fiscal year 2003 is due to several refundings and additional public infrastructure bond fees and increased BUILD participation fee income. The decline after eliminations is from a one-time adjustment to fees regarding transfers of fees between the Industrial Development and Reserve Fund and the Parking Garage Fund.

- Interest on loans and notes receivable increased by $8,897 (3.97%) in the current fiscal year, declined by $603,002 (-73%) during the prior fiscal year, and declined by $1,141,611 (-60%) during fiscal year 2003. The small increase in the current fiscal year is primarily due to the City of Liberty direct loan and a decline in the Infrastructure Development Fund loan portfolio. The decline in the prior fiscal years is the product of the St. Louis Conference Center Hotel bridge loan pay off early in 2003.

- Parking garage operating income increased $241,928 (15.37%) in the 2005 fiscal year. This is due to having both the Kansas City Library parking garage and the St. Louis Conference Center Hotel parking garage operational for the entire fiscal year. Parking garage operating income increased $843,456 (116%) for the 2004 fiscal year as the Kansas City Library parking garage started operation in April 2004 and the St. Louis Conference Center Hotel parking garage operated for a full year. Parking garage income for fiscal year 2003 was $730,097 as the St. Louis Conference Center Hotel parking garage started operation in August 2002.

- Contributed revenue for the 2005 fiscal year increased $14,714,783 (254%), and for the 2004 fiscal year, there was a net decline of $4,201,278 in contribution revenue. For fiscal year 2003, there was a net increase of $10,000,639 in contribution revenue. The 2005 fiscal year’s increase is attributed to the recognition of $20,514,144 in deferred revenue as contributed revenue for the Old Post Office and the 9th Street Garage projects that closed in October 2004. The 2004 fiscal year’s income consisted of the receipt of $5,799,361 in contributed revenue for the Kansas City Library parking garage with no receipts recognized as revenue for the 9th Street Garage or the Old Post Office project. However, the 2003 fiscal year’s income is attributed to receipt of $5,000,639 in contributed revenue for the Kansas City Library parking garage and to the receipt of $5,000,000 in contributed revenue for the 9th Street Garage that will support the Old Post Office project. See notes 8 and 10 to the financial statements for further details.

- Interest income on cash and investments was up $664,951 (115%) for the 2005 fiscal year due to the interest earned on the additional contributed revenue, invested bond proceeds and the increasing interest rate environment we are currently experiencing. Income on cash and investments was down $21,660 (-4%) for the 2004 fiscal year due to the continued lower interest rate environment. However, in the last quarter of FY2004 interest rates began to rise. Interest income on cash and investments was down $201,458 (25%) for fiscal year 2003 due to continued declines in the interest rate environment. For fiscal years 2005, 2004, and 2003, the Board’s average interest rate on cash and investments was approximately 1.66%, 1.20%, and 1.30%, , respectively.

- The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. To that end, the beginning balance of $6,000,000 for the St. Louis Conference Center Hotel Garage was transferred from the Industrial Development and Reserve fund to the Parking Garage Fund. The three garages are as follows: St. Louis Conference

Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the OPO redevelopment in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during FY2003; the KCLG was placed in service in FY2004 and the NSG is in the construction stage.

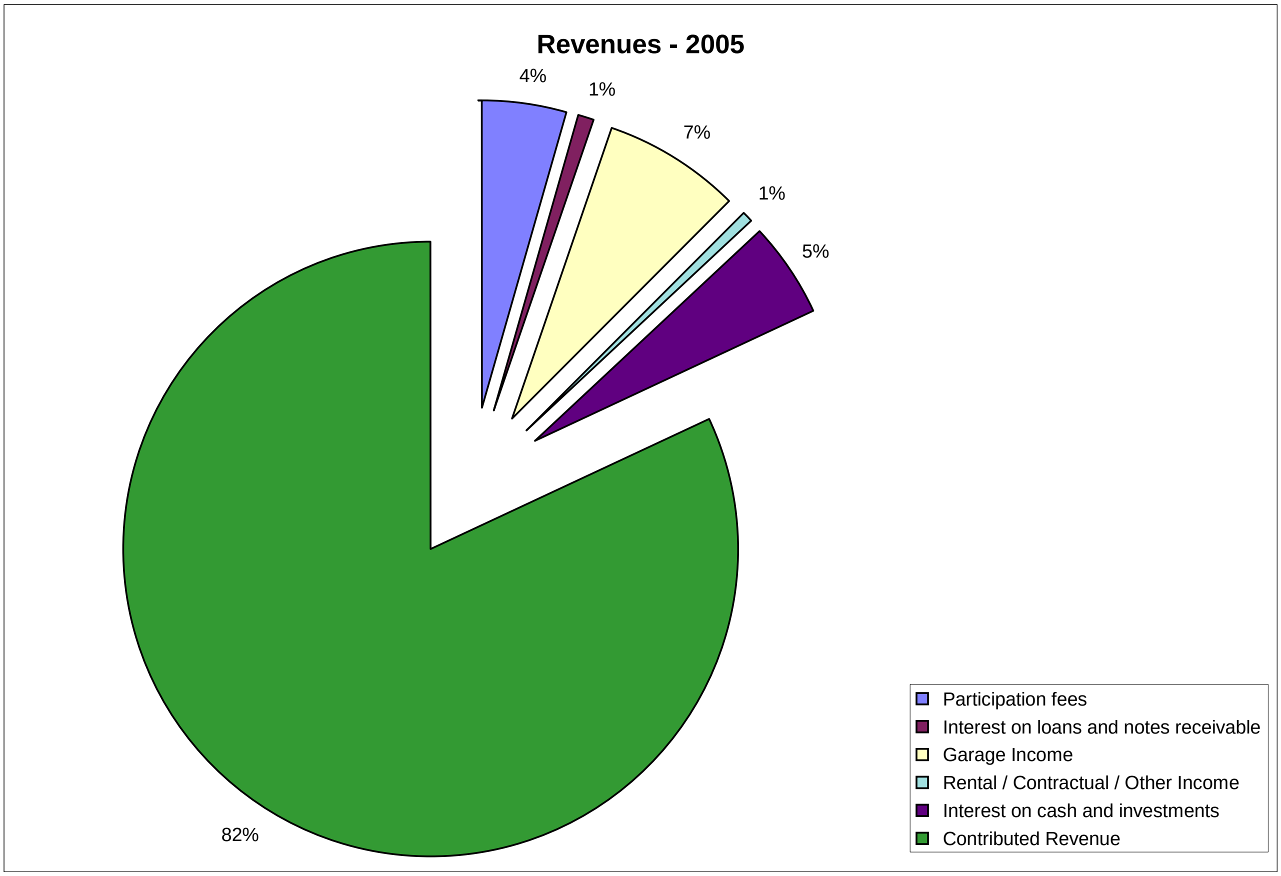
- For the 2005 fiscal year, the eliminations/transfers are for funds that are allocated to the OPO Project upon closing on the project in October 2004 instead of the NSG Project. For the 2004 fiscal year, the eliminations/transfers are for funds the Board provided the Parking Garage Fund to assist in redeeming $3,000,000 in SLCCH Series 2000B and 20000C bonds. For the 2003 fiscal year, the eliminations/transfers are for participation fees charged by the Board between funds for operational activities the Board provides the Parking Garage Fund. The fees are an expense for the Parking Garage Fund and are offsetting during consolidation. However, the result without elimination is that income and expense would be overstated. See note 11 to the financial statements for further details.

In the 2005 fiscal year, expenses increased by $10,587,008 (442%) due to an increase in personnel service expense of $68,518 (13%); increased professional fees of $441,903, which includes $389,591 (379%) for professional studies requested by the Department of Economic Development and $52,312 (51%) in additional professional fees for Board activities; increased depreciation expense of $138,309 (25%) due to the KCLG and increased parking garage operating costs of $244,871 (43%). In addition, other increases include increased other expense of $9,602,358 (5249%), which includes increased bad debt expense $9,448,681 (100%) due to changes in bad debt estimates, and increased bond interest expense of $99,661 (22%) due to rising rate environment and additional bond debt for the NSG Project.

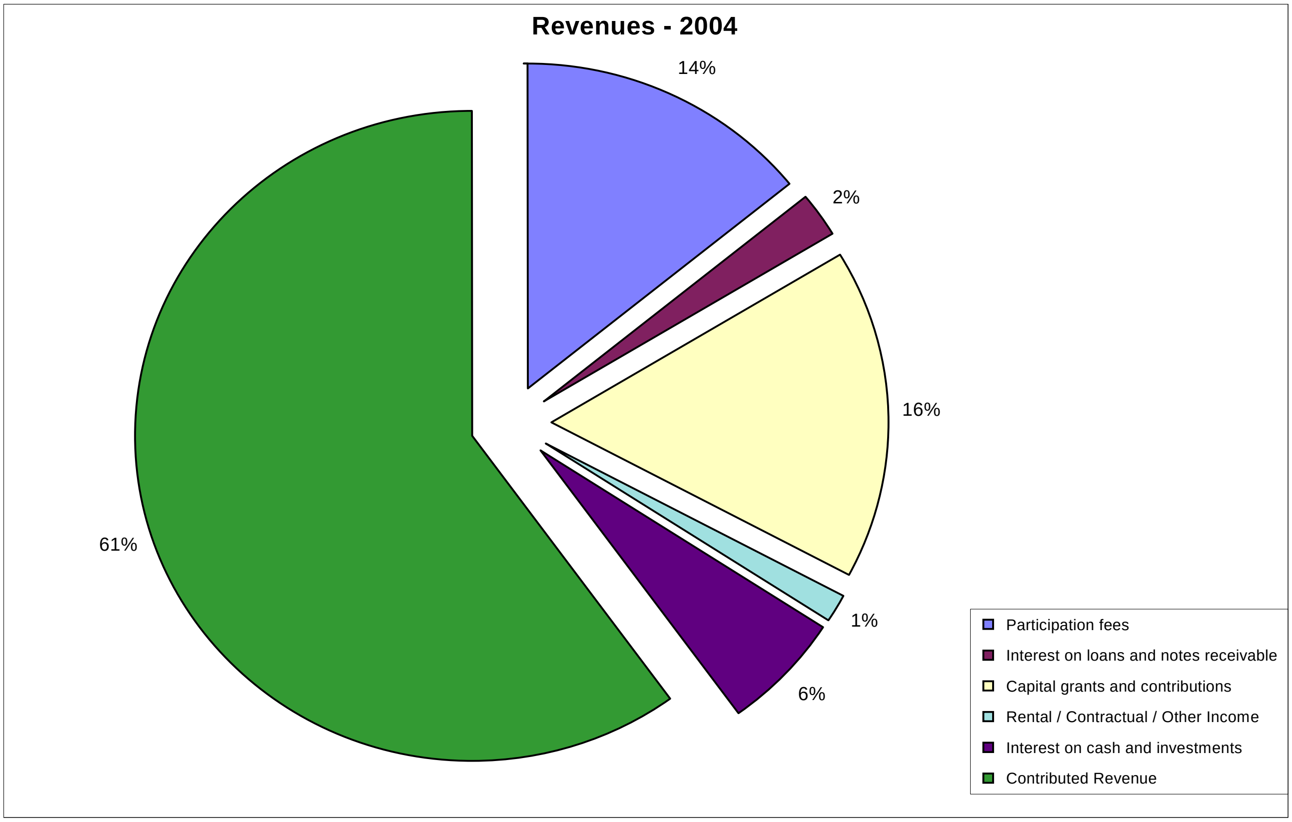
In the 2004 fiscal year expenses increased by $341,275 (17%) and this is due to increased personnel expense of $36,849 (7%); decreased professional fees of $114,470 (-53%); increased depreciation and amortization expense of $50,110 (10%); increased parking garage operating expenses of $233,569 (70%); increased travel, supplies, and miscellaneous expenses of $17,551 (11%); and increased bond interest expense of $117,666 (34%). The most significant changes for the Parking Garage Fund were a full year of activity for the SLCCHG and a partial year of activity for the KCLG along with increased depreciation expense and increased bond interest expense due to a rising interest rate environment.

For the most part in the 2003 fiscal year, increases in expenses closely paralleled inflation and growth in the demand for services. Exceptions are the increase in professional fees of $233,362 (121%), parking garage operating expenses $334,825 and depreciation expense $494,597 for the SLCCHG operation. The increase in professional fees is primarily for consultants conducting economic studies at the request of the Department of Economic Development. The remaining increases are related to the garage operations starting in FY2003.

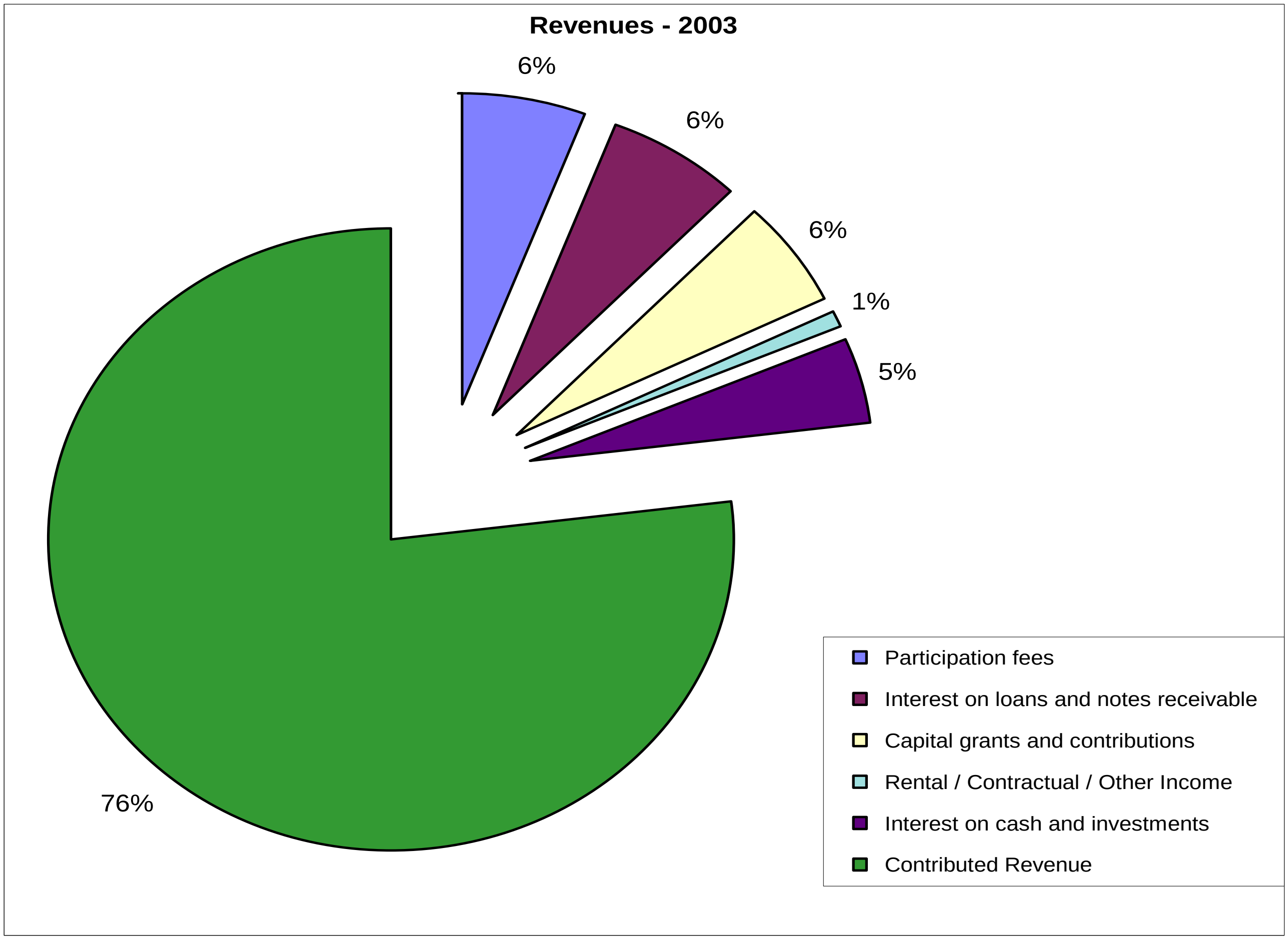
(Continued)


Revenues - 2005
4%
1%
7%
1%
5%
82%
Participation fees
Interest on loans and notes receivable
Garage Income
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue

(Continued)


Revenues - 2004
14%
2%
16%
1%
6%
61%
Participation fees
Interest on loans and notes receivable
Capital grants and contributions
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue

(Continued)


Revenues - 2003
6%
6%
6%
1%
5%
76%
Participation fees
Interest on loans and notes receivable
Capital grants and contributions
Rental / Contractual / Other Income
Interest on cash and investments
Contributed Revenue

Capital Assets and Debt Administration

The Board's investment in capital assets for its business type activities as of June 30, 2005 amounts to $44,093,788, net of depreciation, an increase of $5,959,112 from June 30, 2004. The 2004 year's investment in capital assets amounts to $38,134,676, net of depreciation, an increase of $10,016,666 from June 30, 2003. This investment in capital assets includes land, buildings, and equipment. The total increase in the Board's investment in capital assets for fiscal years' 2005, 2004 and 2003 was 16%, 37%, and 109%, respectively.

The major capital asset events in the 2005 fiscal year are the completion of the façade on the KCLG, the demolition of the Century Building and the start of construction on the NSG Project (a component of the OPO Project), and tenant improvements in our new office suite. The major capital asset event in the 2004 fiscal year was completing the construction of the KCLG. One of the major capital asset events during the fiscal years 2003 and 2002 was the construction of the St. Louis Conference Center Hotel parking garage, a component of the St. Louis Conference Center Hotel and Garage project. Other major capital asset events in fiscal year 2003 were the acquisition of the land for construction of the KCLG and the acquisition of the Century building for demolition and construction of the NSG Project for the OPO Project in St. Louis.

Missouri Development Finance Board's Capital Assets
(net of depreciation)

	2005	2004	2003
Land	$ 9,271,177	$ 8,066,980	$ 8,039,625
Construction in process	10,420,744	5,181,045	1,684,451
Buildings and land	24,288,579	24,883,676	18,384,525
Equipment	60,943	2,975	9,409
Leashold improvements	52,344	-	-
Total	$ 44,093,788	$ 38,134,676	$ 28,118,010

Additional information on the Board's capital assets can be found in note 5 to the financial statements.

Long-term Debt

At the end of the 2005 fiscal year, the Board had total bonded debt outstanding of $34,600,000. At the end of fiscal years 2004 and 2003, the Board had total bonded debt outstanding of $18,100,100 and $21,100,000, respectively. The increase in the long-term debt of $16,500,000 is due to the issuance of the Ninth Street Garage Series 2004A and Series 2004B bonds. The decrease in the long-term debt of $3,000,000 in the 2004 fiscal year is due to the redemption of $1,300,000 and $1,700,000 for the St. Louis Convention Center Hotel Series 2000B and Series 2000C, respectively. The decrease in the long-term debt of $13,455,000 in the 2003 fiscal year is due to the payoff of the St. Louis Conference Center Hotel Series 2000A taxable revenue anticipation notes. The Board's debt for the 2005 fiscal year represents $9,500,000 in Ninth Street Garage Series 2004A taxable infrastructure facilities revenue bonds; $7,000,000 in Ninth Street Garage Series 2004B tax-exempt infrastructure facilities revenue bonds; $5,200,000 in St. Louis Conference Center Hotel Series 2000B taxable infrastructure facilities revenue bonds; and $12,900,000 St. Louis Conference Center Hotel Series 2000C tax-exempt infrastructure facilities revenue bonds.

The Board's debt for the 2004 fiscal year represents $5,200,000 in St. Louis Conference Center Hotel Series 2000B taxable infrastructure facilities revenue bonds and $12,900,000 St. Louis Conference Center Hotel Series 2000C tax-exempt infrastructure facilities revenue bonds.

None of this amount comprises debt backed by the full faith and credit of the state of Missouri.

Missouri Development Finance Board's Outstanding Debt			
	2005	2004	2003
Long-term debt	$ 34,600,000	$ 18,100,000	$ 21,100,000

Additional information on the Board's long-term debt can be found in note 7 to the financial statements.

Items of Significance for the Current Year

In the current year, the following items of interest occurred:

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America and executed a 99-year lease of the OPO Project with St. Louis' U. S. Custom House and Post Office Building Associates, L.P.; a Missouri limited partnership (the "OPO Master Lessee"). The Master Lessee will be responsible for all aspects of the ownership, environmental remediation, restoration, financing and operation of the OPO Project. Renovation of the OPO Project is expected to be completed during fiscal year end 2006. The Board's ownership of the OPO has no value assigned and reflected in the financial statements.

When the renovation of the OPO project is complete, it will become the new home of the Missouri Court of Appeals and Webster University and will serve as the centerpiece for the rehabilitation of vacant and underutilized historic buildings near the OPO as well as the NSG to be built on the site of the Century Building.

In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,356,800 to assist in the financing of the OPO Project. The stated interest rate on the loan through 2012 is 1%, with .5% interest payable monthly and .5% accrued monthly to the outstanding loan principal. The stated interest rate in 2014 adjusts to 1% payable with principal payments starting, as well. Interest is payable solely from the Project's cash flow or the Master Lessee's guaranty of operating deficit. Interest only payments are due monthly until 2014, when principal payments will start through 2054. In addition to the subordinated loan described above, the Board established a cash collateral account in the amount of $1.5 million with the first mortgage lender on the OPO Project.

The second project consists of the acquisition and demolition of the Century Building and the construction of a new 1,050 space multi-level parking garage located to the west of the OPO Project. This project is known as the "Ninth Street Garage Project" or the "NSG Project" and is owned by the Board. The land was purchased in April 2003. The Board has entered into long-term leases with tenants of the OPO Project and with surrounding businesses and building owners.

(Continued)

The total costs of acquiring, constructing and providing for the initial operations of the NSG Project are estimated to be $32,793,200. Of that amount, a total of $8,574,216 has been incurred through June 30, 2005. Approximately $15,793,000 of the total cost will be funded by the Board from the proceeds of contributions made by St. Louis businesses and foundations pursuant to the Board's tax credit for contribution program. An additional amount of $500,000 was contributed by the Board from its cash reserves. The balance of the NSG Project costs will be funded from the proceeds of the Board's $16,500,000 Infrastructure Facilities Revenue Bonds (Ninth Street Garage Project) Series 2004 issued on October 14, 2004. The bonds are variable rate bonds with a stated maturity date of October 1, 2034. The bonds are secured by a direct pay letter of credit issued by Bank of America, N.A., which expires on October 5, 2011. The reimbursement agreement between the Board and the bank contains certain covenants and requirements. (See notes 7 and 13 to the financial statements)

The Board is party to four lawsuits that have threatened to halt the rehabilitation of the Old Post Office. Three of the lawsuits have been dismissed and no appeal has been filed. The plaintiffs are attempting to delay or interfere with the long-planned rehabilitation of the Old Post Office and the construction of the Ninth Street Garage by asking the Court to declare the developers of the Old Post Office ineligible to receive federal and state historic preservation tax credits that are to be awarded after the Old Post Office rehabilitation project is complete. These actions are unlikely to result in a direct loss to the Board. See note 13 to the financial statements for more details.

Significant Events for Next Year

In the coming fiscal year, we anticipate the following significant events:

We anticipate continuing to assist St. Louis and Kansas City in their continued economic development revitalization of their core downtown areas through finalizing several BUILD projects that were authorized in FY2005.

We will be assisting out-state Missouri in revitalizing their downtowns as we continue our working relationship with the Department of Economic Development in marketing our Downtown Revitalization Tax Credit program and our MIDOC loan program.

The Office of Administration of the State of Missouri and the Board are in discussions regarding the ownership of the Ninth Street Garage and the Old Post Office.

Requests for Information

This financial report is designed to provide a general overview of the Missouri Development Finance Board's finances for all those with an interest in the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Missouri Development Finance Board, Assistant Director and Controller, P. O. Box 567, 200 Madison, Suite 1000, Jefferson City, MO 65102.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Eliminations	Total Business-Type Activities
ASSETS					
Current assets:					
Cash	$ 1,562,414	$ 343,402	$ 612,976	$ -	$ 2,518,792
Investments	16,121,353	-	-	-	16,121,353
Current portion of loans and notes receivable	2,173,000	-	192,559	-	2,365,559
Accrued interest on investments	141,635	-	-	-	141,635
Accrued interest on loans and notes receivable	97,899	-	25,901	-	123,800
Prepaid expense and other assets	1,184,237	56,312	-	(1,172,992)	67,557
Total current assets	21,280,538	399,714	831,436	(1,172,992)	21,338,696
Noncurrent assets:					
Restricted assets	40,302,221	26,921,846	-	-	67,224,067
Long-term portion of loans and notes receivable	3,439,166	-	1,547,782	-	4,986,948
Bond issuance costs, less accumulated amortization of $58,050	9,032	-	-	-	9,032
Capital assets:					
Assets not being depreciated	-	19,691,922	-	-	19,691,922
Assets being depreciated, net	1,563,286	22,838,580	-	-	24,401,866
Total noncurrent assets	45,313,705	69,452,348	1,547,782	-	116,313,835
Total assets	$ 66,594,243	$ 69,852,062	$ 2,379,218	$ (1,172,992)	$ 137,652,531
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 312,418	$ 2,914,232	$ 750	$ (1,172,992)	$ 2,054,408
Accrued bond interest payable	-	71,200	-	-	71,200
Total current liabilities	312,418	2,985,432	750	(1,172,992)	2,125,608
Noncurrent liabilities:					
Long-term debt	-	34,600,000	-	-	34,600,000
Loan guarantee default reserve	-	-	-	-	-
Payable from restricted assets:					
Tax credit for contribution and other deposits	31,438,923	-	-	-	31,438,923
Deferred revenue	-	-	-	-	-
Total noncurrent liabilities	31,438,923	34,600,000	-	-	66,038,923
Total liabilities	31,751,341	37,585,432	750	-	68,164,531
NET ASSETS					
Invested in capital assets, net of related debt	1,563,286	7,930,502	-	-	9,493,788
Restricted:					
Tax credit and second loss reserves	2,533,002	-	-	-	2,533,002
Project accounts	5,448,730	26,921,846	-	-	32,370,576
Board action	881,566	-	-	-	881,566
Unrestricted	24,416,318	(2,585,718)	2,378,468	-	24,209,068
Total net assets	34,842,902	32,266,630	2,378,468	-	69,488,000
Total liabilities and net assets	$ 66,594,243	$ 69,852,062	$ 2,379,218	$ (1,172,992)	$ 137,652,531

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF NET ASSETS
JUNE 30, 2004

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Eliminations	Total Business-Type Activities
ASSETS					
Current assets:					
Cash	$ 534,209	$ 336,498	$ 338,270	$ -	$ 1,208,977
Investments	18,349,454	-	-	-	18,349,454
Current portion of loans and notes receivable	1,670,000	-	193,850	-	1,863,850
Accrued interest on investments	128,272	-	-	-	128,272
Accrued interest on loans and notes receivable	75,603	-	28,363	-	103,966
Prepaid expense and other assets	38,861	81,285	-	(12,127)	108,019
Total current assets	20,796,399	417,783	560,483	(12,127)	21,762,538
Noncurrent assets:					
Restricted assets	32,331,836	11,931,694	-	-	44,263,530
Long-term portion of loans and notes receivable	6,679,500	-	1,850,707	-	8,530,207
Bond issuance costs, less accumulated amortization of $53,800	13,202	-	-	-	13,202
Capital assets:					
Assets not being depreciated	1,588,445	11,659,580	-	-	13,248,025
Assets being depreciated, net	1,512,975	23,373,676	-	-	24,886,651
Total noncurrent assets	42,125,958	46,964,950	1,850,707	-	90,941,615
Total assets	$ 62,922,357	$ 47,382,733	$ 2,411,190	$ (12,127)	$ 112,704,153
LIABILITIES					
Current liabilities:					
Accounts payable and other accrued liabilities	$ 200,742	$ 458,100	$ -	$ (12,127)	$ 646,715
Accrued bond interest payable	-	16,300	-	-	16,300
Total current liabilities	200,742	474,400	-	(12,127)	663,015
Noncurrent liabilities					
Long-term debt	-	18,100,000	-	-	18,100,000
Loan guarantee default reserve	17,960	-	-	-	17,960
Payable from restricted assets:					
Tax credit for contribution and other deposits	20,697,178	-	-	-	20,697,178
Deferred revenue	10,077,000	5,723,000	-	-	15,800,000
Total noncurrent liabilities	30,792,138	23,823,000	-	-	54,615,138
Total liabilities	30,992,880	24,297,400	-	(12,127)	55,278,153
NET ASSETS					
Invested in capital assets, net of related debt	3,101,420	16,933,256	-	-	20,034,676
Restricted:					
Tax credit and second loss reserves	2,555,000	-	-	-	2,555,000
Project accounts	(1,853,961)	6,208,694	-	-	4,354,733
Board action	856,619	-	-	-	856,619
Unrestricted	27,270,399	(56,617)	2,411,190	-	29,624,972
Total net assets	31,929,477	23,085,333	2,411,190	-	57,426,000
Total liabilities and net assets	$ 62,922,357	$ 47,382,733	$ 2,411,190	$ (12,127)	$ 112,704,153

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2005

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Eliminations	Total Business-Type Activities
OPERATING REVENUES:					
Participation fees	$ 1,098,353	$ -	$ -	$ -	$ 1,098,353
Interest income on loans and notes receivable	180,044	-	52,807	-	232,851
Rental income	25,057	-	-	-	25,057
Contractual income	60,648	-	-	-	60,648
Other income	54,010	-	-	-	54,010
Parking garage revenues	-	1,815,481	-	-	1,815,481
Total operating revenues	1,418,112	1,815,481	52,807	-	3,286,400
OPERATING EXPENSES:					
Personnel services	603,068	-	-	-	603,068
Professional fees	542,008	2,581	-	-	544,589
Travel	70,375	-	-	-	70,375
Supplies and other	222,613	-	-	-	222,613
Depreciation and amortization	75,899	607,117	-	-	683,016
Parking garage operating expenses	-	813,265	-	-	813,265
Bad debt expense	9,356,822	-	91,859	-	9,448,681
Miscellaneous	17,146	26,475	-	-	43,621
Total operating expenses	10,887,931	1,449,438	91,859	-	12,429,228
Operating income (loss)	(9,469,819)	366,043	(39,052)	-	(9,142,828)
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	758,870	476,432	6,330	-	1,241,632
Bond interest expense	-	(350,978)	-	-	(350,978)
Bond expense	-	(199,968)	-	-	(199,968)
Total non-operating revenue (expense)	758,870	(74,514)	6,330	-	690,686
Income (loss) before contributed revenue and interfund transfers	(8,710,949)	291,529	(32,722)	-	(8,452,142)
CONTRIBUTED REVENUE	10,491,144	10,022,998	-	-	20,514,142
INTERFUND TRANSFERS	1,133,230	(1,133,230)	-	-	-
Change in net assets	2,913,425	9,181,297	(32,722)	-	12,062,000
Total net assets - beginning	31,929,477	23,085,333	2,411,190	-	57,426,000
Total net assets - ending	$ 34,842,902	$ 32,266,630	$ 2,378,468	$ -	$ 69,488,000

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development (MIDOC Loan) Fund	Eliminations	Total Business-Type Activities
OPERATING REVENUES:					
Participation fees	$ 1,373,659	$ -	$ -	$ -	$ 1,373,659
Interest income on loans and notes receivable	158,237	-	65,717	-	223,954
Rental income	25,008	-	-	-	25,008
Contractual income	56,934	-	-	-	56,934
Other income	14,552	-	-	-	14,552
Parking garage revenues	-	1,573,553	-	-	1,573,553
Total operating revenues	1,628,390	1,573,553	65,717	-	3,267,660
OPERATING EXPENSES:					
Personnel services	534,550	-	-	-	534,550
Professional fees	94,260	8,426	-	-	102,686
Travel	35,881	-	-	-	35,881
Supplies and other	125,957	-	-	-	125,957
Depreciation and amortization	70,603	474,104	-	-	544,707
Parking garage operating expenses	-	568,394	-	-	568,394
Miscellaneous	10,092	11,002	-	-	21,094
Total operating expenses	871,343	1,061,926	-	-	1,933,269
Operating income (loss)	757,047	511,627	65,717	-	1,334,391
NON-OPERATING REVENUE (EXPENSE):					
Interest on cash and investments	477,873	98,039	773	-	576,685
Bond interest expense	-	(210,760)	-	-	(210,760)
Bond expense	-	(249,137)	-	-	(249,137)
Total non-operating revenue (expense)	477,873	(361,858)	773	-	116,788
Income before contributed revenue interfund transfers and gain on sale of asset	1,234,920	149,769	66,490	-	1,451,179
CONTRIBUTED REVENUE	-	5,799,361	-	-	5,799,361
INTERFUND TRANSFERS	(1,650,000)	1,650,000	-	-	-
GAIN ON SALE OF ASSET	24,500	-	-	-	24,500
Change in net assets	(390,580)	7,599,130	66,490	-	7,275,040
Total net assets - beginning	32,320,057	15,486,203	2,344,700	-	50,150,960
Total net assets - ending	$ 31,929,477	$ 23,085,333	$ 2,411,190	$ -	$ 57,426,000

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2005

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,317,208	$ 1,813,031	$ 55,269	$ 3,185,508
Receipts for tax credit projects	24,802,597	-	-	24,802,597
Payments to suppliers	(712,850)	(1,275,448)	-	(1,988,298)
Payments to tax credit projects	(14,060,852)	-	-	(14,060,852)
Payments to employees	(542,420)	-	-	(542,420)
Net cash provided (used) by operating activities	10,803,683	537,583	55,269	11,396,535
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans and notes receivable principal payments	645,000	-	252,357	897,357
Loans and notes receivable issued	(5,676,043)	-	(40,000)	(5,716,043)
Interfund transfers	(39,762)	39,012	750	-
Net cash provided (used) by noncapital financing activities	(5,070,805)	39,012	213,107	(4,818,686)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond principal received	-	16,500,000	-	16,500,000
Bond principal paid	-	-	-	-
Bond interest paid	-	(496,048)	-	(496,048)
Acquisition of land	-	(1,204,197)	-	(1,204,197)
Acquisition of buildings and equipment	(122,040)	(5,158,177)	-	(5,280,217)
Contributed revenue	414,144	4,299,998	-	4,714,142
Net cash provided (used) by capital and related financing activities	292,104	13,941,576	-	14,233,680
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(145,945,847)	(59,969,006)	-	(205,914,853)
Maturities of investments	143,730,980	54,235,089	-	197,966,069
Interest on cash and investments	692,085	476,433	6,330	1,174,848
Net cash provided (used) by investing activities	(1,522,782)	(5,257,484)	6,330	(6,773,936)
Net increase in cash and cash equivalents	4,502,200	9,260,687	274,706	14,037,593
Cash and cash equivalents - July 1	4,112,483	9,363,492	338,270	13,814,245
Cash and cash equivalents - June 30	$ 8,614,683	$ 18,624,179	$ 612,976	$ 27,851,838
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ (9,469,819)	$ 366,043	$ (39,052)	$ (9,142,828)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	75,899	607,117	-	683,016
Increase (decrease) in allowance for bad debt	9,356,822	-	91,859	9,448,681
(Increase) decrease in accrued interest on loans and notes receivable	(22,296)	(2,450)	2,462	(22,284)
(Increase) decrease in prepaid expenses and other assets	27,616	24,973	-	52,589
Increase (decrease) in accounts payable and accrued liabilities	111,676	(458,100)	-	(346,424)
Increase (decrease) in tax credit for contribution deposits	10,741,745	-	-	10,741,745
Increase (decrease) in loan guarantee default reserve	(17,960)	-	-	(17,960)
Total adjustments	20,273,502	171,540	94,321	20,539,363
Net cash provided (used) by operating activities	$ 10,803,683	$ 537,583	$ 55,269	$ 11,396,535
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 1,562,414	$ 343,402	$ 612,976	$ 2,518,792
Restricted assets	40,302,221	26,921,846	-	67,224,067
Less: Restricted investments	(33,249,952)	(8,641,069)	-	(41,891,021)
Total cash and cash equivalents	$ 8,614,683	$ 18,624,179	$ 612,976	$ 27,851,838

The notes to the financial statements are an integral part of this statement.

MISSOURI DEVELOPMENT FINANCE BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2004

	Industrial Development and Reserve Fund	Parking Garage Fund	Infrastructure Development Fund	Total Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 1,888,028	$ 4,626,699	$ 65,420	$ 6,580,147
Receipts for tax credit projects	18,738,450	-	-	18,738,450
Payments to suppliers	(180,378)	(897,850)	-	(1,078,228)
Payments to tax credit projects	(10,023,707)	-	-	(10,023,707)
Payments to employees	(534,550)	-	-	(534,550)
Net cash provided (used) by operating activities	9,887,843	3,728,849	65,420	13,682,112
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Loans and notes receivable principal payments	889,222	-	197,910	1,087,132
Loans and notes receivable issued	(1,542,000)	-	-	(1,542,000)
Interfund transfers	(1,650,000)	1,650,000	-	-
Net cash provided (used) by noncapital financing activities	(2,302,778)	1,650,000	197,910	(454,868)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Bond principal paid	-	(3,000,000)	-	(3,000,000)
Bond interest paid	-	(459,897)	-	(459,897)
Acquisition of land	-	(27,354)	-	(27,354)
Acquisition of buildings and equipment	(992,752)	(9,537,097)	-	(10,529,849)
Proceeds from sale of assets	24,500	-	-	24,500
Tax credit contributions	-	5,799,361	-	5,799,361
Net cash provided (used) by capital and related financing activities	(968,252)	(7,224,987)	-	(8,193,239)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of investments	(115,261,008)	(2,902,000)	-	(118,163,008)
Maturities of investments	106,841,411	4,757,872	-	111,599,283
Interest on cash and investments	570,334	98,039	773	669,146
Net cash provided by investing activities	(7,849,263)	1,953,911	773	(5,894,579)
Net increase (decrease) in cash and cash equivalents	(1,232,450)	107,773	264,103	(860,574)
Cash and cash equivalents - July 1	5,344,933	9,255,719	74,167	14,674,819
Cash and cash equivalents - June 30	$ 4,112,483	$ 9,363,492	$ 338,270	$ 13,814,245
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 757,047	$ 511,627	$ 65,717	$ 1,334,391
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expenses	70,603	474,104	-	544,707
(Increase) decrease in accrued interest on loans and notes receivable	(43,578)	(45,626)	1,953	(87,251)
(Increase) in prepaid expenses and other assets	317,517	67,472	-	384,989
Increase in accounts payable and accrued liabilities	85,812	98,272	(2,250)	181,834
Increase in deferred revenue	8,177,000	2,623,000	-	10,800,000
Increase in tax credit for contribution deposits	537,743	-	-	537,743
(Decrease) in loan guarantee defalt reserve	(14,301)	-	-	(14,301)
Total adjustments	9,130,796	3,217,222	(297)	12,347,721
Net cash provided (used) by operating activities	$ 9,887,843	$ 3,728,849	$ 65,420	$ 13,682,112
Reconciliation of cash and cash equivalents to the statement of net assets				
Cash	$ 534,209	$ 336,498	$ 338,270	$ 1,208,977
Restricted assets	32,331,836	11,931,694	-	44,263,530
Less: Restricted investments	(28,753,562)	(2,904,700)	-	(31,658,262)
Total cash and cash equivalents	$ 4,112,483	$ 9,363,492	$ 338,270	$ 13,814,245

The notes to the financial statements are an integral part of this statement.

1. FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Reporting Entity

The Missouri Development Finance Board (the Board), created by Sections 100.250 to 100.297 of the Revised Statues of Missouri (RSMo), as body corporate and politic of the State of Missouri created within the Department of Economic Development The Board is governed by a twelve-member Board. The Governor of the State of Missouri (the State), with the advice and consent of the Senate, appoints nine of the Board members. The remaining three Board members are the Lieutenant Governor, Director of the Department of Economic Development, and Director of the Department of Agriculture.

The Board is a discretely presented component unit of the State of Missouri as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. Based on GASB 14, the accompanying combined financial statements include only those operations related to the Board and are not intended to present fairly the financial position and results of operations of the State.

The Board is empowered to issue bonds or notes; provide loans or loan guarantees; provide loans and grants to political subdivisions to fund public infrastructure improvements; and to issue Missouri tax credits for approved projects. The Board also has other authorized powers under state statute, including the ability to acquire, own, improve, and use real and personal property such as parking garages and buildings.

(b) Basis of Presentation

The accounts of the Board are organized on the basis of funds. The Board accounts for its activities in Enterprise Funds, a type of Proprietary Fund. Proprietary Funds are used to account for ongoing activities that are similar to activities found in the private sector. The measurement focus is upon determination of net income.

Specifically, Enterprise Funds account for operations that provide a service to citizens that are financed primarily by a user charge for the provision of that service. Enterprise Funds also account for activities where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Board has three active and three inactive Enterprise Funds.

Each fund is considered a separate accounting entity with self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses. The Board’s active funds are as follows:

- <u>Industrial Development and Reserve Fund</u> — The Industrial Development and Reserve Fund was established in 1982 by Section 100.260 RSMo (as amended). At inception, the Board was funded by appropriations from the State General Revenue Fund. However, currently the Board’s primary source of funds is from other sources as specified by the RSMo. Funds may be used to make eligible direct loans or may be pledged as loan, note, or bond guarantees. RSMo (Sections 33.080 and 100.260) provide that if funds are appropriated by the general assembly for this fund they shall not lapse and the balance shall not be transferred to the General Revenue Fund – State. This

fund also includes activity related to the Old Post Office redevelopment project and building leasing operations.

- Parking Garage Fund — The Parking Garage Fund was established in 2003 by the Board to account for the construction and ongoing operations of three parking garages. The three garages are as follows: St. Louis Conference Center Hotel Garage (SLCCHG), Ninth Street Garage (NSG) supporting the Old Post Office redevelopment project in St. Louis, and the Kansas City Public Library Garage (KCLG). The Board is the sole owner of these garages. SLCCHG was placed in service during 2003; the KCLG was placed in service during 2004, and the NSG is currently under construction.

- Infrastructure Development Fund — The Infrastructure Development Fund was established in 1988 by Section 100.263 RSMo, as amended, and is funded by appropriations from the State General Fund or from various other sources as specified by the RSMo. Funds may be used to make low-interest or interest-free loans, and loan guarantees to local political subdivisions and state agencies.

The inactive funds are the Industrial Development Guarantee Fund, Export Finance Fund, and the Jobs Now Fund.

(c) Method of Accounting

The economic resource measurement focus and the accrual basis of accounting are utilized for all Board funds. Revenues are recognized when earned and expenses are recorded when incurred.

Application fees and issuance fees are recognized as participation fees on the Statement of Revenues, Expenses, and Changes in Fund Net Assets. The Board recognizes revenue on application fees when received since the fees are due upon application and are nonrefundable. The Board recognizes revenue on issuance fees at the time of the issuance of the related bonds since, until actual issuance, the amount or the certainty of receiving the issuance fee is not determinable. Expenses related to bond issuance are recognized when incurred, as there is no reasonable method of allocating the expenses to issuance revenues because of the above-mentioned uncertainties.

Contributions received for tax credits on behalf of other entities are treated as conduit transactions, with the amount of unspent contributions recorded as a liability. Contributions received for tax credits on behalf of the Board's projects are recorded as revenue when all applicable eligibility requirements have been met, which is determined on a project-by-project basis.

The Board applies all Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, and all Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB), except for those that conflict with or contradict GASB pronouncements. FASB Statements and Interpretations issues subsequent to November 30, 1989, are not applied.

(d) Investments

The Board has the power to invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivisions

obligations with the two highest credit rating categories. Investments with initial maturities of one year or less are stated at amortized cost. Investments with initial maturities of greater than one year are carried at fair value based on quoted market prices.

(e) Loans and Allowance for Loan Loss

Loans are stated at the amount of unpaid principal, adjusted by an allowance for loan losses. The Board's loans are made to companies and political subdivisions. In many cases, the repayment terms and collateral, if any, are much less stringent than typical financial institution loans due to the nature of the Board's mission. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectibility of the principal is unlikely.

The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based on evaluation of the collectibility of loans, prior loan loss experience or when the net present value of estimated future cash flows on the loan or fair value of collateral is less than the recorded value of the loan (computed on a loan by loan basis).

For the fiscal year ending June 30, 2005, the Board deemed it necessary to increase the allowance for loan losses in the amount of $9,356,822. As a result of increasing this allowance, bad debt expense was recognized for the above noted amount.

(f) Capital Assets

Capital assets, which consist of land, building and equipment, are stated at cost. Contributions of capital assets are recorded at fair market value at the time received. Capital assets are defined by the Board as assets with an individual cost of more than $500 and an estimated useful life in excess of one year. Depreciation has been provided over the estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings	40 years
Equipment	3 – 5 years

Fully depreciated capital assets are included in capital asset accounts until their disposal.

It is the Board's policy to capitalize interest on debt incurred to finance the construction of capital assets, when material. For the years ended June 30, 2005 and 2004, the total amount of interest incurred was $633,174 and $210,760; interest capitalized was $282,196 and $0; and interest expensed was $350,978 and $268,884, respectively.

(g) Compensated Absences

Under the terms of the Board's personnel policy, Board employees are granted vacation, personal days, sick, and compensatory leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, personal days, and compensatory hours. Employees are not paid for accumulated sick leave upon termination. The amounts of accrued vacation, personal days, and compensatory hours are included as a current liability in the accompanying combined financial statements. The costs of sick leave are recorded when paid and are not accrued.

(h) Bond Issue Costs

Bond issue costs represent costs related to the Series 1992-A Infrastructure Facilities Revenue Bond Program. These costs are being amortized over fifteen years as they are recovered through loan participation fees.

(i) Participation Fees

The Board receives participation fees on certain direct loans, loan guarantees, bonds, and tax credit contributions. Direct infrastructure loans are made to local governmental entities for public infrastructure needs. A $750 fee is assessed for the direct infrastructure loans to cover legal counsel costs.

Bond application fees are 0.1% of the amount of issuance limited to a minimum of $500 and a maximum of $2,500. The issuance fee for private bonds is on a scale ranging from 0.375% to 0.125%, depending on the size of the issue. The issuance fee for public bonds is 0.5% of the issue.

BUILD Missouri (Business Use Incentives for Large-Scale Development) application fees are $1,000 and non-refundable. The issuance fee is assessed as 2.5% of the bond principal with an annual fee of 0.5% of the principle portion outstanding at each anniversary date. The fee to cover legal counsel costs is 0.6% of bond principal with a minimum of $7,500, plus out of pocket expenses.

For each tax credit for contribution project, fees are 2% of the first one million dollars in contributions and 1% of the contributions thereafter.

(j) Issuance of Conduit Bonds

All of the bonds issued by the Board, with the exception of the long-term debt issued for the St. Louis Conference Center Hotel project and the Ninth Street Garage project (see Note 7), are conduit obligations. Conduit obligations are special, limited obligations of the Board and the assets of the Board are not pledged to secure such bonds. The borrower pays all debt service requirements. The bonds do not constitute an obligation of the Board or the State. See Note 13 to the financial statements for further information.

(k) Cash and Cash Equivalents

Cash and cash equivalents for the combined statements of cash flows include cash and short-term investments with original maturities of ninety days or less.

(l) Net Assets

Equity is categorized in the statement of net assets as invested in capital assets net of related debt, restricted, and unrestricted. Restricted net assets consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, and then unrestricted net assets when they are needed. Unrestricted net assets consists of net assets not invested in capital assets that do not meet the definition of "restricted."

(m) Classification of Operating, Nonoperating, and Contributed Revenue

The Board has classified its revenues as operating, nonoperating, or contributed revenues according to the following criteria:

Operating revenues — Include revenue sources related to the basic purpose of the Board and include interest income on loans and fees and charges for services.

Nonoperating revenues — Include revenue sources unrelated to the basic purpose of the Board and include interest income on deposits and investments.

Contributed revenues — Include revenue related to the contributions for tax credit program authorized under state statute and received for Board-owned projects.

(n) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Estimates are used for, but not limited to, provisions for doubtful accounts; asset impairment; depreciable lives of fixed assets and fair value of financial instruments. The Board is subject to uncertainties such as the impact of future events, economic, environmental and political factors, and changes in the business climate; therefore, actual results may differ from those estimates.

Accordingly, the accounting estimates used in the preparation of the Board's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Board's operating environment changes. Changes in estimates are made when circumstances warrant. Such changes and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements. Accordingly, actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

As of June 30, 2005 and 2004, the Board had the following investments:

Investment Type:	2005	Weighted Average Maturity/(years)	2004
U.S. Treasuries	$ 16,606,691	0.1375	$ -
U.S. Government Bonds	2,533,000	0.3554	2,555,000
U.S. Government Agency Discount Notes	52,395,173	0.1697	47,375,334
Guaranteed Investment Contract	2,752,000	0.4106	-
Repurchase Agreements	6,715,418	0.0028	1,133,290
Total Fair Value	$ 81,002,282		$ 51,063,624

Interest rate risk - In accordance with its investment policy, the Board manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice eliminates exposure to declines in fair values.

Credit risk - The Board's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, secured repurchase agreements, and state or political subdivision obligations with the two highest credit ratings issued by nationally recognized statistical rating organizations (NRSROs). Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. As of June 30, 2005 and 2004, all of the Board's investments were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Board does not hold corporate bonds and does not participate in investment pools.

Concentration of credit risk – The Board's investment policy does not address concentration of credit risk.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments. As of June 30, 2005 and 2004, there is no custodial credit risk for the Board's investments due to the Board's investment policy which prohibits obligations not fully secured.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the Board's deposits may not be returned to it. As of June 30, 2005 the Board's deposits were fully covered by FDIC insurance and government-backed securities.

As required by Missouri law, the depository banks pledge securities, in addition to the Federal Depository Insurance Corporation insurance, to equal or exceed the amount on deposit at all times. As of June 30, 2005, securities with a total fair value of $21,486,023 are held in a joint custody account with the Federal Reserve Bank. As of June 30, 2004, securities with a total fair value of $20,310,580 are held in a joint custody account with the Federal Reserve Bank.

As of June 30, 2005 and 2004, the Board's deposits were collateralized as follows:

	2005	2004
Insured by the FDIC	$ 370,903	$ 400,000
Collateralized with securities pledged by the financial institutions	4,290,136	9,688,077
Collateralized with letter of credit pledged by financial institutions	-	-
Amount not collateralized	-	2,640,058
Total deposits	$ 4,661,039	$ 12,728,135

The Board's total cash and investments as of June 30, 2005 and 2004 are as follows:

	2005	2004
U.S. government and agency securities from above	$ 81,002,282	$ 51,063,624
Cash deposits from above	4,661,039	12,728,135
Accrued interest not included above	342,526	158,474
Total cash and investments	$ 86,005,847	$ 63,950,233
As reflected on the statement of net assets:		
Cash	$ 2,518,792	$ 1,208,977
Investments	16,121,353	18,349,454
Accrued interest	141,635	128,272
Restricted assets	67,224,067	44,263,530
Total cash and investments	$ 86,005,847	$ 63,950,233

3. LOANS, NOTES RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Direct loans through the Industrial Development and Reserve Fund represent loans to individual companies and political subdivisions in Missouri. Direct loans through the Infrastructure Development Fund represents three percent loans made to local political subdivisions.

Loans and notes receivable at June 30, 2005 and 2004, are as follows:

	2005		2004	
	Current	Long-term	Current	Long-term
Industrial Development and Reserve Fund	$ 2,173,000	$ 12,795,988	$ 1,670,000	$ 6,679,500
Infrastructure Development Fund	211,211	1,652,262	203,496	1,872,333
Total	2,384,211	14,448,250	1,873,496	8,551,833
Less: allowance for doubtful loans	18,652	9,461,302	9,646	21,626
Total loans and notes receivable, net	$ 2,365,559	$ 4,986,948	$ 1,863,850	$ 8,530,207

4. RESTRICTED ASSETS

In September 1992, the Board issued $15,000,000 of bonds for a Series 1992-A Infrastructure Facilities Revenue Bond Program. The Board was required to deposit, from existing funds, $25,000 in a separate issuer account.

In November 1995, the Board issued $8,800,000 of bonds for a Series 1995 Limited Obligation Leasehold Revenue Bond Program. The Board was required to deposit, from existing funds, an amount equal to 10% of the outstanding bond issuance in an escrow account. As of June 30, 2005 and 2004, the outstanding bond balance was $5,008,000 and $5,300,000, requiring an escrow balance of $508,000 and $530,000 respectively.

In June 1999, May 2000, December 2003, and April 2004, the Board placed unrestricted Board funds of $500,000 into Second Loss Debt Service Reserve Funds for each of its four infrastructure bonds, for a total of $2,000,000.

In December 2000, the Board issued $39,555,000 of bonds to fund a loan for the St. Louis Conference Center Hotel and land and construction costs for the hotel’s parking garage. The restricted assets held for this project as of June 30, 2004 and 2005, are reserved as a contingency for the garage portion of the project.

In October 2004, the Board issued $16,500,000 of bonds to fund the construction of the Ninth Street parking garage associated with the Old Post Office Building renovation. The Board was required to deposit $1,500,000 in a cash collateral account. Any investment earnings on the balance outstanding are credited to the Industrial Development and Reserve Fund.

Restricted assets consist of the following as of June 30, 2005 and 2004:

	2005	2004
Leasehold Revenue Bond Program	$ 508,000	$ 530,000
Infrastructure Bond Debt Service Reserve Funds	2,025,000	2,025,000
Tax credit for contribution deposits (Note 6)	31,438,923	20,697,178
Designated per Board authorization for SLCCH Parking Garage operations	881,568	856,619
Old Post Office construction and reserve deposits (Note 10)	5,448,730	8,223,039
Total restricted assets – Industrial Development and Reserve Fund	$ 40,302,221	$ 32,331,836

	2005	2004
St. Louis Conference Center Hotel reserve deposits (Note 9)	$ 4,300,425	$ 3,728,595
Ninth Street Garage construction and reserve deposits (Note 10)	22,515,489	7,822,095
Kansas City Library Garage construction deposits (Note 10)	105,932	381,004
Total restricted assets – Parking Garage Fund	$ 26,921,846	$ 11,931,694

5. CAPITAL ASSETS

During August 1989, the Board received a $2,400,000 contribution from a taxpayer to acquire and renovate a vacant, historic office building in downtown Kansas City, Missouri as part of a multi-block redevelopment effort. In conjunction with this purchase, the Board signed a twenty-year lease with the United Way of Kansas City (the “United Way”) to rent the building upon completion of the renovation. The lease provides for monthly rental payments of $2,084, with an option to purchase the building at the end of the lease term (August 1, 2009) for $1,884,658. The lease is accounted for as an operating lease and the building and contribution have been recorded as land and building and invested in capital assets.

During 2000, the Board used a $6,000,000 contribution from a taxpayer and $21,100,000 in bond proceeds to purchase land and begin construction of a parking garage adjacent to the St. Louis Conference Center Hotel. When the Parking Garage Fund was established during 2003, this contribution was transferred from the Industrial Development and Reserve Fund. The garage began operations during August 2002.

In addition, during 2004 and 2003, the Board used $6,800,000 in contributions received pursuant to the Board’s tax credit for contribution program to fund construction of a parking garage to support the new downtown headquarters for the Kansas City Public Library. The garage began operations during April 2004.

In April 2003, the Board used a $10,000,000 contribution from a taxpayer and began participating in two related redevelopment projects in downtown St. Louis, Missouri. The first project, commonly referred to

as the “Old Post Office Project” or the “OPO Project,” consists of the acquisition and renovation of a historic structure in downtown St. Louis known as the U.S. Custom House and Old Post Office. The second project consists of the acquisition and demolition of the Century Building and the construction of parking garage located to the west of the OPO Project. This project is known as the “Ninth Street Garage Project” or the “NSG Project.” The OPO and NSG Projects are separate and distinct projects.

The Board acquired title to the OPO Project on October 13, 2004 from the General Services Administration of the United States of America at no cost to the Board. The Board then executed a 99-year lease of the OPO Project with St. Louis’ U. S. Custom House and Post Office Building Associates, L.P., a Missouri limited partnership (the “OPO Master Lessee”). The OPO Master Lessee is responsible for all aspects of the ownership, environmental remediation, restoration, financing and operation of the OPO Project. Renovation of the OPO Project is expected to be completed in December of 2005.

In connection with the financial closing of the OPO Project on October 14, 2004, the Board made a subordinated loan to the OPO Master Lessee in the amount of $12,356,800 to assist in the financing of the OPO Project. The loan was funded by the Board from the proceeds of contributions made by St. Louis businesses and foundations pursuant to the Board’s tax credit for contribution program. The stated interest rate on the loan through 2012 is 1% with .5% interest payable monthly and .5% interest accruing monthly to the outstanding loan principal. In 2013 and thereafter the interest rate adjusts to 1% payable monthly. Interest is payable solely from the Project’s cash flow or the OPO Master lessee’s guarantee of operating deficits. Per the master lease agreement, costs previously recognized as construction in progress were reclassified to the loan balance outstanding. The balance outstanding and accrued interest receivable was $7,264,488 and $28,828, respectively as of June 30, 2005. Principal payments begin in 2014. Pursuant to the OPO Master Lease, the Board has an option to purchase the OPO leasehold interest from the OPO Master Lessee at the greater of the fair market value or the development debt outstanding beginning in 2014.

In addition to the subordinated loan described above, the Board established a cash collateral account in the amount of $1.5 million with the first mortgage and construction lender on the OPO Project. The Board funded such amount from its cash reserves. This amount will be held in escrow in the MDFB cash collateral account established by the lender. Interest on the escrow account accrues to the Board and is deposited into the Industrial Development and Reserve Fund. In the event the OPO Master Lessee is unable to refinance the first mortgage at maturity in 2012 or there is an acceleration following an Event of Default, the lender is permitted to apply amounts in the cash collateral account to the payment of the principal of the first mortgage loan, after applying all other amounts held as collateral for the first mortgage loan. Upon application of such amounts, the first mortgage will be converted to a loan from the Board to the OPO Master Lessee secured by tax increment revenues derived from the OPO.

The NSG Project is owned by the Board and consists of the development and construction of a 1,050 space parking garage located on the west side of Ninth Street directly across from the OPO Project. The land was purchased in April, 2003. The Board has entered into long-term parking leases with tenants of the OPO Project and with surrounding businesses and building owners.

The total costs of acquiring, constructing and providing for the initial operations of the NSG Project are estimated to be $32,793,200. Of that amount, a total of $11,088,933 has been incurred through June 30, 2005. Approximately $15,793,000 of the total cost will be funded by the Board from the proceeds of contributions made by St. Louis businesses and foundations pursuant to the Board’s tax credit for contribution program. An additional amount of $500,000 was contributed by the Board from its cash

reserves. The balance of the NSG Project costs will be funded from the proceeds of the Board's $16,500,000 Infrastructure Facilities Revenue Bonds (Ninth Street Garage Project) Series 2004 issued on October 14, 2004. The bonds are variable rate bonds with a stated maturity date of October 1, 2034. The bonds are secured by a direct pay letter of credit issued by Bank of America, N.A., which expires on October 5, 2011, thereafter subject to annual renewal options. The reimbursement agreement between the Board and the bank contains certain covenants and requirements (see note 7).

Capital asset activity for the year ended June 30, 2005, was as follows:

	Balance July 1, 2004	Additions	Deletions/ Retirements	Balance June 30, 2005
Capital assets, not being depreciated:				
Land	$ 8,066,980	$ 1,204,197	$ -	$ 9,271,177
Construction in process	5,181,045	6,853,073	(1,613,374)	10,420,744
Total capital assets, not being depreciated	13,248,025	8,057,270	(1,613,374)	19,691,922
Capital assets, being depreciated:				
Building	26,642,080	72,020	-	26,714,100
Equipment	48,051	66,943	-	114,994
Leasehold improvements	-	55,099	-	55,099
Total capital assets, being depreciated	26,690,131	194,062	-	26,884,193
				-
Less: accumulated depreciation for:				-
Building	1,758,404	667,117	-	2,425,521
Equipment	45,076	8,975	-	54,051
Leasehold improvements	-	2,755		2,755
Total accumulated depreciation	1,803,480	678,847	-	2,482,327
Total capital assets, being depreciated, net	24,886,651	(484,785)	-	24,401,866
Total capital assets, net	$ 38,134,676	$ 7,572,485	$ (1,613,374)	$ 44,093,788

Capital asset activity for the year ended June 30, 2004, was as follows:

	Balance July 1, 2003	Additions	Deletions/ Retirements	Balance June 30, 2004
Capital assets, not being depreciated:				
Land	$ 8,039,625	$ 27,355	$ -	$ 8,066,980
Construction in process	1,684,451	9,358,820	5,862,226	5,181,045
Total capital assets, not being depreciated	9,724,076	9,386,175	5,862,226	13,248,025
Capital assets, being depreciated:				
Building	19,608,825	7,033,255	-	26,642,080
Equipment	138,551	-	90,500	48,051
Total capital assets, being depreciated	19,747,376	7,033,255	90,500	26,690,131
Less: accumulated depreciation for:				
Building	1,224,300	534,104	-	1,758,404
Equipment	129,142	6,434	90,500	45,076
Total accumulated depreciation	1,353,442	540,538	90,500	1,803,480
Total capital assets, being depreciated, net	18,393,934	6,492,717	-	24,886,651
Total capital assets, net	$ 28,118,010	$ 15,878,892	$ 5,862,226	$ 38,134,676

A summary of capital assets by fund at June 30, 2005, is as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 9,271,177	$ 9,271,177
Building	2,400,000	24,314,100	26,714,100
Equipment	114,994	-	114,994
Leasehold improvements	55,099	-	55,099
Construction in process	-	10,420,744	10,420,744
Sub-total	2,570,093	44,006,022	46,576,115
Less: accumulated depreciation	(1,006,807)	(1,475,520)	(2,482,327)
Total capital assets, net	$ 1,563,286	$ 42,530,502	$44,093,788

A summary of capital assets by fund at June 30, 2004, is as follows:

	Industrial Development and Reserve Fund	Parking Garage Fund	Total Capital Assets
Land	$ -	$ 8,066,980	$ 8,066,980
Building	2,400,000	24,242,080	26,642,080
Equipment	48,051	-	48,051
Construction in process	1,588,445	3,592,600	5,181,045
Sub-total	4,036,496	35,901,660	39,938,156
Less: accumulated depreciation	(935,076)	(868,404)	(1,803,480)
Total capital assets, net	$ 3,101,420	$ 35,033,256	$38,134,676

6. TAX CREDIT FOR CONTRIBUTION DEPOSITS

One of the Board's programs is the Tax Credit for Contribution program. Through this program, the Board is authorized to grant tax credits in an amount equal to fifty percent of contributions accepted by the Board. Eligible infrastructure projects approved by the Board are granted the contributions. Contributions received by the Board are remitted to fund the project upon requests supported by proof of eligible reimbursable project expenditures or used to fund projects owned by the Board. Contributions on deposit with the Board are reflected as restricted assets and a liability in the accompanying financial statements. As of June 30, 2005 and 2004, the Board held deposits received pursuant to the Tax Credit for Contribution program of $31,438,923 and $20,697,178, respectively. See Note 5.

7. LONG-TERM DEBT

Summary of debt held as of June 30, 2005 and 2004, is as follows:

	2005	2004
$6,500,000 St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds; and $14,600,000 St. Louis Convention Center Hotel Series 2000C, tax exempt infrastructure facilities revenue bonds. Due in annual installments of $300,000 to $15,600,000 beginning December 1, 2006 through December 1, 2020, plus interest up to 8.5%.	$ 18,100,000	$ 18,100,000
$9,500,000 Ninth Street Garage Series 2004A, taxable infrastructure facilities revenue bonds; and $7,000,000 Ninth Street Garage Series 2004B, tax exempt infrastructure facilities revenue bonds. Due in annual installments of $240,000 to $545,000 beginning October 1, 2008 through October 1, 2034, plus interest up to 10%.	16,500,000	-
Total	$ 34,600,000	$ 18,100,000

Changes in long-term debt for the year ended June 30, 2005, were as follows:

	Balance July 1, 2004	Additions	Reductions	Balance July 1, 2005	Due within one year
Infrastructure facilities revenue bonds	$ 18,100,000	$ 16,500,000	$ -	$ 34,600,000	$ -

Changes in long-term debt for the year ended June 30, 2004, were as follows:

	Balance July 1, 2003	Additions	Reductions	Balance July 1, 2004	Due within one year
Infrastructure facilities revenue bonds	$ 21,100,000	$ -	$ 3,000,000	$ 18,100,000	$ -

St. Louis Convention Center Hotel Series 2000B and 2000C:

The annual debt service requirements as of June 30, 2005 are as follows:

	Principal	Interest	Total
2006	$ -	$ 497,750	$ 497,750
2007	-	497,750	497,750
2008	-	497,750	497,750
2009	-	497,750	497,750
2010	-	497,750	497,750
2011	-	497,750	497,750
2012	-	497,750	497,750
2013	-	497,750	497,750
2014	-	497,750	497,750
2015	-	497,750	497,750
2016	400,000	486,750	886,750
2017	400,000	475,750	875,750
2018	500,000	462,000	962,000
2019	600,000	445,500	1,045,500
2020	600,000	429,000	1,029,000
2021	15,600,000	429,000	16,029,000
Totals	$ 18,100,000	$ 7,705,500	$ 25,805,500

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. The annual debt service schedule above assumes an interest rate of 2.75%, representing the interest rate at June 30, 2005. The actual interest paid during 2005 and 2004 averaged 1.94% and 1.08%, respectively.

The bonds bear interest at a daily, weekly, commercial paper, long-term or fixed rate. When the bonds are in a daily, weekly, commercial paper, long-term or fixed rate period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions.

The rate cap agreements purchased during closing of the financing for the St. Louis Conference Center Hotel and Garage project were 8.5% on the Series B bonds and 6.7% on the Series C bonds with an expiration date of December 1, 2007. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

In March 2004, the Board made principal payments for Series B bonds and Series C bonds in the amount of $1,300,000 and $1,700,000, respectively. These payments were used to offset scheduled debt service payments for years 2006 through 2016.

Ninth Street Garage Series 2004A and B:

The annual debt service requirements as of June 30, 2005 are as follows:

	Principal	Interest	Total
Prior to 10/1/2008	$ -	$ -	$ -
10/1/2008	240,000	2,285,250	2,525,250
10/1/2009	255,000	443,339	698,339
10/1/2010	270,000	435,860	705,860
10/1/2011	285,000	427,965	712,965
10/1/2012	305,000	419,517	724,517
10/1/2013	325,000	410,514	735,514
10/1/2014	345,000	400,958	745,958
10/1/2015	370,000	390,709	760,709
10/1/2016	395,000	379,767	774,767
10/1/2017	420,000	368,133	788,133
10/1/2018	450,000	355,668	805,668
10/1/2019	480,000	342,372	822,372
10/1/2020	510,000	328,245	838,245
10/1/2021	545,000	313,149	858,149
10/1/2022	580,000	297,083	877,083
10/1/2023	615,000	280,047	895,047
10/1/2024	655,000	261,904	916,904
10/1/2025	700,000	242,514	942,514
10/1/2026	750,000	221,739	971,739
10/1/2027	800,000	199,579	999,579
10/1/2028	850,000	176,034	1,026,034
10/1/2029	905,000	150,965	1,055,965
10/1/2030	965,000	124,235	1,089,235
10/1/2031	1,030,000	95,704	1,125,704
10/1/2032	1,100,000	65,234	1,165,234
10/1/2033	1,150,000	33,379	1,183,379
10/1/2034	1,205,000	-	1,205,000
Totals	$ 16,500,000	$ 9,449,855	$ 25,949,855

The bonds have mandatory sinking fund redemptions that are the equivalent of maturing principal as indicated above. As security for the reimbursement of the bank, the Board is required to maintain unrestricted cash balances and investments on its balance sheet equal to the lesser of $10,000,000 or 61% of the principal amount of the bonds until such time as the net cash flow from the project is a least 1.25 times debt service on the bonds for two consecutive years. Thereafter, the Board is required to maintain unrestricted cash balances and investments on its balance sheet of not less than $2,000,000. In addition, the Board must maintain a ratio of total adjusted liabilities to total net assets of 1.5:1.

The annual debt service schedule above assumes an interest rate of 2.77%, representing the interest rate as of June 30, 2005. The actual interest paid during 2005 averaged 2.29%.

The bonds bear interest at a daily, weekly, commercial paper, long-term or fixed rate. When the bonds are in a daily, weekly, commercial paper, long-term or fixed rated period, the interest rate on bonds will be determined by the remarketing agent as the lowest rate of interest which in its judgment will cause the bonds to have a market value, as of the date of determination, equal to the principal amount of the bonds, taking into account prevailing market conditions. The Board has the option in the future to restructure the bond debt to acquire a fixed interest rate.

8. DEFERRED REVENUE

In March 2003, the Board received $10,000,000 in exchange for tax credits for the benefit of the OPO and NSG projects in St. Louis, of which $5,000,000 was recognized as revenue during that year. During the year ended June 30, 2004, the Board received an additional $10,800,000 in contributions for tax credits. The financing for the project was closed in October, 2004. As a result of the closing, the Board recognized contributions previously deferred in prior fiscal years as shown below. In addition, during the fiscal year end June 30, 2005, the Board received additional contributions of $4,300,000 for the NSG project and $414,144 for the OPO project, which were initially deferred until the closing. In total, contribution revenue was recognized in the amount of $10,022,998 for the NSG project and $10, 491,144 was recognized for the OPO project. Amounts related to the OPO project are recorded in the Industrial Development and Reserve Fund and amounts related to the NSG project are recorded in the Parking Garage Fund. See Note 13.

In addition, contributed revenue used to fund construction in progress of $1,588,445 at June 30, 2004, related to the OPO project was reclassified to a note receivable due to the terms of the project closing in October, 2004. This was recorded in the Industrial Development and Reserve Fund.

Deferred revenue in the Industrial Development and Reserve Fund at June 30, 2005 and 2004, consisted of the following:

	2005	2004
Deferred project contribution revenue	$ -	$ 10,077,000

Deferred revenue in the Parking Garage Fund at June 30, 2005 and 2004 consisted of the following:

	2005	2004
Deferred project contribution revenue	$ -	$ 5,723,000

9. RENTAL INCOME

Future minimum rental income on noncancelable operating leases is as follows

	Industrial Development & Reserve Fund	Parking Garage Fund
2006	$ 25,008	$ 952,362
2007	25,008	952,362
2008	25,008	952,362
2009	25,008	952,362
2010	3,126	870,162
2011-2015	-	4,350,810
2016-2020	-	4,150,290
2021-2025	-	3,900,993
After 2025	-	15,208,536
Totals	$ 103,158	$ 32,290,239

The Industrial Development and Reserve Fund building located in downtown Kansas City is leased by the United Way of Greater Kansas City. The carrying value of the building is $2,400,000 and accumulated depreciation as of June 30, 2005 and 2004, was $950,000 and $890,000 respectively. The lease expires August 15, 2009.

The Parking Garage Fund's SLCCH parking garage is an 880-space garage constructed by the Board to support the St. Louis Conference Center Hotel project in downtown St. Louis. The carrying value of the garage is $21,913,825 less accumulated depreciation of $1,254,591 and $824,446 as of June 30, 2005 and 2004, respectively. The hotel operator leases a minimum of 375 spaces with the option of leasing up to 275 additional spaces with proper notice. The minimum lease payment for the hotel's use of the garage is $554,282 per year with an expiration date of February 15, 2048. In addition to the hotel, the nearby Merchandise Mart, a mixed-use development with apartments and retail space, has a lease for up to 118 spaces in this parking garage with minimum annual lease payments of $25,000 through August 2, 2021.

The Parking Garage Fund's NSG parking garage to be completed during fiscal year ending June 30, 2006, is currently under construction by the Board to support the renovation of the Old Post Office project in downtown St. Louis. Currently, a total of $11,088,933 has been disbursed for this project. Leases have been negotiated with the Eastern District Court of Appeals, Webster University, Frisco Associates, Pyramid Construction, Talley Properties, L.L.C., and Roberts Old School House Lofts, L.P. for spaces in anticipation of the completion of the Ninth Street Garage. The estimated minimum lease payments for all negotiated leases on the Ninth Street Garage total $373,080 per year with expiration dates from 2010 through 2046.

10. CONTRIBUTED ASSETS

During the year ended June 30, 2005, the Board closed on the OPO and NSG projects. Concurrently with the closing, $10,491,144 and $10,022,998 of deferred revenue was recognized as contributed revenue in the Industrial Development and Reserve Fund and Parking Garage Fund, respectively.

During the year ended June 30, 2004, the Board received contributions for tax credits totaling $10,800,000 to fund the OPO and NSG projects and $5,799,361 to fund the KCLG project. Of that amount, $5,799,361 was recognized as contributed revenue in the statement of revenues, expenses, and changes in net assets, and $8,177,000 and $2,623,000 were recorded as deferred revenue in the Industrial Development and Reserve Fund and Parking Garage Fund, respectively.

11. LEASE OBLIGATIONS

(a) Office Lease

In October of 2004, the Board entered into a lease with Hotel Governor of Jefferson City, L.L.P, to lease 3,501 square feet on the 10th Floor of the Governor Office Building. The lease is an operating lease with the exception of depreciable tenant improvements in the amount of $55,098. The lease term is 10 years. Future minimum lease payments for this lease are as follows:

2006	$ 50,403
2007	51,915
2008	53,473
2009	55,077
2010	56,729
2011	58,431
2012	60,184
2013	61,990
2014	63,849
2015	16,079
Total minimum lease obligation	$ 528,130

(b) Copier Lease

In December of 2004, the Board entered into a lease with Gibbs Technology Leasing, L.L.C. to lease equipment. The lease is accounted for as an operating lease. The term of the lease is four years. Future minimum lease payments for this lease are as follows:

2006	$ 4,284
2007	4,284
2008	4,284
Total minimum lease obligation	$ 12,852

(c) KC Overhaul Base Lease

In December 2004, the Board accepted a contribution from the EDC Loan Corporation (EDC), a not-for-profit organization, consisting of an assignment of a 50 year leasehold interest in the Kansas City Overhaul Base located adjacent to the Kansas City International Airport (the “Overhaul Base”). This leasehold interest was originally held by the City of Kansas City (the City) and then was contributed to EDC, a related organization of the City, by the City. The contribution to the Board of the leasehold interest was valued at $32,000,000. In return, the Board issued a total of $16,000,000 in contribution tax credits which were subsequently sold by the Board to independent parties. The tax credits will be issued as follows: $5,333,333 on March 3, 2005; $5,333,333 on or between July 2, 2005 and July 31, 2005; and $5,333,334 on or between July 2, 2006 and July 31, 2006. The Board will pay the proceeds from the tax credit sales to the City to be used by the City for payment of a related bond issuance for the renovation of the Overhaul Base. In addition, the City and the Board entered into an assumption agreement as of December 31, 2004 with the City assuming all responsibility and liability relating to ownership, management and operations of the premises and leasehold interest. As a result of this assumption of the leasehold interest by the City, the Board has no assets or liabilities related to the leasehold interest recorded in its financial statements. However, it has recorded restricted cash and investments, along with the related tax credit for contribution liability, for proceeds from the tax credits to be transmitted to the City. See note 6.

12. INTERFUND BALANCES AND ACTIVITY

The Board has recorded income and expense items between the various funds to account for fees the Board is permitted to retain in the Industrial Development Reserve Fund related to various projects reported in the Parking Garage Fund. These amounts and balances were eliminated in the financial statements.

Balances due to/from other funds as of June 30 consisted of the following:

	2005	2004
Due to Industrial Development and Reserve Fund from the Industrial Development (MIDOC Loan Fund) for attorney fees on new application.	$ 750	$ -
Due to Industrial Development and Reserve Fund from the Parking Garage Fund for insurance premiums paid and to balance funding between the Ninth Street Garage and the Old Post Office Project per closing documents.	1,172,242	-
Due to the Industrial Development and Reserve Fund from the Parking Garage Fund representing funds to cover operational shortfalls for the KCLG in the first month of operation and to cover insurance costs paid by the Industrial Development and Reserve Fund on behalf of the Parking Garage Fund.	-	12,127
	$ 1,172,992	$ 12,127

Transfers to/from other funds for the years ended June 30, 2005 and 2004, were as follows:

	2005	2004
Transfer from the Industrial Development to Parking Garage Fund to assist with operational shortfalls and capital requirements on new garage, pay issuance fees on NSG 2005A and 2005B Bonds and transfer funds per OPO/NSG closing documents.	$ 1,133,230	$ -
Transfer from the Industrial Development and Reserve Fund to the Parking Garage Fund represents a transfer of funds from Board Restricted assets to assist in the payment of SLCCH 2000 B and 2000 C Bonds.	-	1,650,000
	$ 1,133,230	$ 1,650,000

13. COMMITMENTS AND CONTINGENCIES

(a) Loan Guarantees

The Board has guaranteed repayment to the financial institution holding the loan of up to 85% of the outstanding guaranteed balance of certain approved loans to businesses in the State. Total loans outstanding under the Loan Guarantee Program amounted to approximately $460,000 and $31,443 as of June 30, 2005 and 2004, respectively, of which approximately $391,000 and $6,957 was guaranteed by the Board. During 2005 and 2004, no loans defaulted.

(b) Conduit Bond Issues

As of June 30, 2005, the Board has issued $714,327,420 in Single Issue Industrial Revenue Bonds, $58,810,000 in Private Activity Composite Industrial Revenue Bonds, and $1,073,593,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2005, were approximately $413,318,104, $1,680,000, and $555,128,000, respectively.

As of June 30, 2004, the Board has issued $704,327,420 in Single Issue Industrial Revenue Bonds, $57,810,000 in Private Activity Composite Industrial Revenue Bonds, and $995,105,000 in Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds. The outstanding balances on these bonds and notes as of June 30, 2004, were approximately $431,759,000, $3,175,000, and $475,610,000, respectively.

The Board has no liability for repayment of the above revenue bonds and notes aside from reserve fund deposits and, accordingly, these bonds and notes have not been recorded in the accompanying combined financial statements. Security for the bondholders consists of the unconditional obligation of the borrowers to repay the bonds and notes, and, in certain cases, insurance, letters of credit, annual appropriation pledges, and certain funds held through trustees under the various indentures.

(c) Legal Matters

The Board has been named along with various other parties as a defendant in four separate lawsuits relating to the redevelopment of the Old Post Office Project in St. Louis and the construction of the proposed new Ninth Street Garage across the street from the Old Post Office. All four of the lawsuits represented attempts of individuals and/or a group to delay or interfere with the demolition of the Century Building. Three of the lawsuits have been dismissed and no appeals were filed to such dismissals.

The fourth lawsuit, *Frumhoff. v. Missouri Development Finance Board et al*, was filed in Cole County Circuit Court. This is a declaratory judgment action seeking to invalidate the issuance of historic tax credits by the State of Missouri for the Old Post Office project on various grounds. This is the only case relating to the Old Post Office and Ninth Street Garage that is pending as of the date of the financial statements. The Court ruled against the plaintiffs at the District Court and the plaintiffs have appealed the Court's decision. The Board believes the case is without merit and has been filed in bad faith.

On November 18, 2004 the Board (together with certain other plaintiffs) filed an action against St. Louis County and two individuals representing the Coalition Against Public Funding for Stadiums seeking a declaratory judgment that the adoption of Proposition A by the voters of St. Louis County on November 2, 2004 did not and will not interfere with St. Louis' County's obligations under the Project Financing, Construction and Operation Agreement between the Board and the County pursuant to which the Board issued $45,760,000 in bonds for the benefit of the County for the purpose of funding the County's contribution to the proposed new Cardinals baseball stadium. The bonds are limited obligations of the Board and the Board's credit is not pledged or available to the repayment of the bonds. The District Court ruled in favor of the Board. The defendants in this case have appealed the decision and have filed a motion seeking attorney's fees. The Board expects to prevail in this matter.

(d) Risk Management

The Board is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and workers' compensation claims. The Board carries commercial insurance for theft of assets and workers' compensation. The Board carries commercial property, comprehensive liability, and business interruption insurance policies on the St. Louis Conference Center Hotel and Kansas City Library parking garages. The Board is self-insured for all other risks of loss.

The Board had no material unpaid claims, liabilities, or settlements related to any loss in any of the past three years. Other than the coverage for the Kansas City Library parking garage in 2004, no substantive changes were made in the type and amounts of the Board's insurance coverage during 2005 and 2004.

(e) Construction Commitments

The Board as owner; MC Lioness Realty Group, LLC as the project manager; and DLPG, LLC as the developer; entered into a garage development agreement for the construction of the Kansas City Public Library Parking Garage on April 15, 2003. The agreement stipulated that DLPG, LLC deliver a fully executed garage construction contract with a guaranteed maximum price of not more than $6,472,670 and authorized the construction contractor, J.E. Dunn, to proceed with construction of the parking garage. The actual construction contract was between J.E. Dunn and DLPG, LLC and the contractor delivered a

performance bond that was sufficient to cover 100% of the labor and materials for the construction of the parking garage. The garage portion of the contract was completed during the year ended June 30, 2004, and the garage placed into service in April 2004. There is a second construction contract totaling $1,950,000 for the construction of the garage façade. As of June 30, 2005 and 2004, a total of $1,846,530 and $1,737,720 has been recorded respectively.

The NSG Project is being developed pursuant to the Ninth Street Garage Development Agreement, entered into between the Board and NSG Developers, L.L.C., a Missouri limited liability company (the "NSG Developer"). The Development Agreement requires the NSG Developer to deliver to the Board a garage construction contract in the amount of $20,204,000 providing for the construction of the Garage. The obligations of the NSG Developer are guaranteed by DESCO Investment Company, LLC, a Missouri limited liability company, ORION 2002, LLC, a Missouri limited liability company, and Steven J. Stogel, pursuant to a separate Construction Completion Guaranty. Environmental remediation began in April 2003 and demolition commenced on October 14, 2004. The project is scheduled to be completed by late 2006, when it will be managed by a commercial garage operator pursuant to a separate garage management agreement.

14. EMPLOYEES' RETIREMENT PLAN

(a) Defined Contribution Pension Plan

In 1993, the Board established a defined contribution pension plan, called the MDFB Simplified Employee Plan (SEP) IRA, which is currently administered by Prudential Investments, a division of The Prudential Insurance Company of America. The Board has the authority to amend or terminate the plan's provisions at any time. Contributions are discretionary and determined on an annual basis by the Board. There are no contribution requirements for employees.

Employees are eligible to participate in the plan on January 1 after service to the Board in at least three calendar years. Eligible employees are fully vested at the time of contribution. The Board contributed $32,412 and $33,180 for the years ended June 30, 2005 and 2004, respectively. The contributions amounted to 10% of the eligible employees' salaries for each of the years then ended.

(b) Deferred Compensation Plan

In 2002, the Board established a deferred compensation plan called the Missouri Development Finance Board 457 Deferred Compensation Plan (457 plan) and the deferred compensation match plan called the Missouri Development Finance Board 401(a) Deferred Compensation Match Plan (401(a) plan), which are currently administered by Nationwide Retirement Solutions, Inc.

The plans permit employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Employees are eligible to participate in the plans after one year of service to the Board and must contribute $25 per month to receive the employer matching contribution of $25 per month. Compensation deferred under the Plan is invested at the direction of the covered employee.

15. SUBSEQUENT EVENT

The Board has secured a Second Amendment to Application for Letter of Credit and Reimbursement Agreement ("the Second Amendment") with U. S. Bank ("the Credit Bank") in regards to the $6,500,000 St. Louis Convention Center Hotel Series 2000B, taxable infrastructure facilities revenue bonds; and $14,600,000 St. Louis Convention Center Hotel Series 2000C, tax exempt infrastructure facilities revenue bonds ("the Garage Securities")

The Second Amendment requests the Credit Bank to permit the application of the $2,750,000 on deposit in the Tax Credit Liquidity Reserve Fund to the redemption of $1,290,000 of the Series 2000B Bonds and $1,460,000 of the Series 2000C Bonds on the earliest possible redemption date. The remaining balance in the Tax Credit Liquidity Reserve Fund on the date of redemption in the amount of $2,000 will be transferred to the Operating Reserve Fund established pursuant to Section 4.17(d) of the Reimbursement Agreement. The redemption will occur in late September 2005.

STATISTICAL SECTION

(UNAUDITIED)

MISSOURI DEVELOPMENT FINANCE BOARD
EXPENSES BY SOURCE

Fiscal Year Ended	Operating Expenses: Personnel	Professional Fees	Travel	Supplies and Other	Depreciation and Amortization	Parking Garage Operating Expense	Loan Guarantee Default	Bad Debt and Miscellaneous	Non-Operating Expense: Interest & Bond Expense
2005	$ 603,068	$ 544,589	$ 70,375	$ 222,613	$ 683,016	$ 813,265	$ -	$ 9,492,303 [1]	$ 550,946
2004	534,550	102,686	35,881	125,957	544,707	568,394	-	21,094	459,897
2003	497,701	217,156	68,610	66,837	494,597	334,825	-	29,934	342,231
2002	410,064	77,294	47,253	58,470	99,571	-	-	16,369	664,843
2001	399,044	35,022	40,307	36,465	97,252	-	-	36,250	531,833
2000	363,858	44,062	65,262	101,664	80,278	-	132,179	-	-
1999	263,387	111,893	47,532	43,496	95,292	-	257,037	-	-
1998	250,168	38,680	36,214	54,846	74,426	-	96,301	15,000	-
1997	176,342	75,703	34,544	40,720	74,887	-	-	3,761	-
1996	155,443	26,360	31,188	88,468	72,995	-	59	25,000	-
1995	109,925	29,340	38,691	25,850	72,234	-	258,661	156,105	-

Data Source: Records of the Missouri Development Finance Board

[1] Includes bad debt expense of $9,356,822

MISSOURI DEVELOPMENT FINANCE BOARD
REVENUES BY SOURCE

	Operating Revenues							Non-Operating Revenues	Contributed Revenue
Fiscal Year Ended	Participation Fees	Interest on Loans and Notes Receivable	Rent	Contractual	State Payments - Loan Guarantee Defaults	Parking Garage Operating Income	Miscellaneous	Interest on Cash and Investments	Contributed Assets (1)
2005	$ 1,098,353	$ 232,851	$ 25,057	$ 60,648	$ -	$ 1,815,481	$ 54,010	$ 1,241,632	$ 20,514,142
2004	1,373,659	223,954	25,008	56,934	-	1,573,553	39,052 [2]	576,681	5,799,361
2003	774,309	826,956	25,008	56,684	-	730,097	1,187	598,341	10,000,639
2002	953,849	1,968,567	25,008	64,011	-	-	86,263	799,799	-
2001	708,783	1,216,670	25,008	52,162	-	-	40,364	1,700,339	7,250,000 [1]
2000	2,137,021	1,321,095	25,008	52,188	-	-	89	973,631	-
1999	894,503	308,915	32,061	58,918	257,037	-	174	655,840	-
1998	1,302,647	565,377	52,568	72,149	96,301	-	88	386,600	-
1997	260,270	260,243	25,008	68,550	-	-	746,545	400,351	-
1996	260,179	532,680	25,008	50,400	59	-	39,234	26,693	-
1995	404,662	417,786	25,008	-	258,661	-	92,947	15,465	-

Data Source: Records of the Missouri Development Finance Board

[1] During fiscal year 2001, the Missouri Development Finance Board adopted GASB Statement No. 33 *Accounting and Financial Reporting for Nonexchange Transactions*. In previous years contributed assets were recorded as increases to contributed capital.

[2] Includes gain on sale of assets

MISSOURI DEVELOPMENT FINANCE BOARD
CONDUIT BOND ACTIVITY

Fiscal Year	Single Issue Industrial Revenue Bonds			Private Activity Composite Industrial Revenue Bonds			Public Purpose Capital Improvement and Refunding Leasehold Revenue Bonds		
	Principal Issued		Number of Issuances	Principal Issued		Number of Issuances	Principal Issued		Number of Issuances
Cumulative	$	714,327,420	71	$	57,810,000	28	$	1,090,093,000	59
2005		10,000,000	2		-	-		94,988,000	13
2004		1,774,369	1		-	-		221,675,000	10
2003		11,390,000	1		-	-		93,205,000	3
2002		187,505,000	6		-	-		109,320,000	7
2001		8,000,000	1		-	-		68,330,000	3
2000		205,750,000	5		-	-		164,575,000	5
1999		62,812,000	3		-	-		24,600,000	3
1998		40,165,000	3		-	-		129,600,000	3
1997		7,200,000	2		-	-		17,900,000	1
1996		18,700,000	5		-	-		8,800,000	1
1995		17,115,000	4		-	-		32,690,000	4

Data Source: Records of the Missouri Development Finance Board

MISSOURI DEVELOPMENT FINANCE BOARD
REVENUE BOND COVERAGE

				Debt Service Requirements (Cash Basis)			
Fiscal Year Ended (1)	Gross Revenue	Current Expenses (2)	Available for Debt Service	Principal (3)	Interest & Bond Expense	Total	Coverage
2005	$ 4,528,032	$ 2,297,531	2,230,501	$ -	$ 550,946	$ 550,946	4.05
2004	3,844,341	1,388,562	2,455,779	-	459,897	459,897	5.34
2003	3,012,582	1,215,063	1,797,519	-	641,101	641,101	2.80
2002	3,897,497	609,450	3,288,047	-	687,999	680,020	4.84
2001	3,743,326	547,088	3,196,238	-	407,719	474,698	6.73

Data Source: Records of the Missouri Development Finance Board

[1] Fiscal year 2001 was the first year the Missouri Development Finance Board has issued revenue bonds for its activities.

[2] Excludes depreciation, amortization, bad debt expenses and non-operating expense.

[3] Excludes an early redemption of $3.0 million, $13.455 million and $5.0 million in bonds during fiscal years 2004, 2003 and 2002, respectively, that were not due until fiscal years 2006 -2014.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Industrial Growth

Fiscal Year	Expanding Companies	New Companies	New Jobs	Investment (In Thousands)
2005	49	26	7,983	$ 2,612,721
2004	75	35	10,696	1,524,343
2003	44	27	7,399	695,461
2002	83	39	12,176	1,531,699
2001	69	29	10,246	849,447
2000	129	53	11,732	1,204,065
1999	301	28	7,687	1,582,768
1998	303	78	11,322	2,404,156
1997	245	48	13,593	2,503,116
1996	162	85	8,291	1,154,439
1995	156	115	14,236	889,919

Data Source: Missouri Department of Economic Development

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Bank Deposits
(In Millions)

Fiscal Year	State Banks	National Banks	Total Deposits
2005	$ 45,968	$ 23,028	$ 68,996
2004	43,893	20,992	64,885
2003	41,407	21,039	62,446
2002	41,184	21,768	62,952
2001	32,950	20,219	53,169
2000	29,990	30,618	60,608
1999	31,634	34,945	66,579
1998	31,111	22,370	53,481
1997	28,167	20,002	48,169
1996	29,303	33,705	63,008
1995	30,152	27,297	57,449

Data Source: Missouri Department of Economic Development

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
ECONOMIC DATA

Privately Owned Housing Units Authorized By Building Permits

Calendar Year	Number of Units	Valuation (In Thousands)
2004	32,791	4,286,161
2003	29,309	3,596,524
2002	28,255	3,186,632
2001	24,739	2,750,047
2000	24,321	2,569,405
1999	26,840	2,739,418
1998	25,657	2,424,875
1997	25,156	2,265,005
1996	26,298	2,275,667
1995	24,282	2,032,503
1994	26,374	2,149,313
1993	21,702	1,749,828

Data Source: U.S. Department of Commerce -- Bureau of the Census

Major Private Employers

The State's major private employers and the approximate number employed by each in 2004 were as follows:

	Employer	Number Employed
1.	Wal-Mart Associates, Inc.	25,000 +
2.	Washington University	10,000 - 25,000
3.	Boeing Corporation	10,000 - 25,000
4.	Schnuck Markets, Inc.	7,500 - 10,000
5.	Barnes-Jewish Hospital	7,500 - 10,000
6.	Ford Motor Company	7,500 - 10,000
7.	May Department Stores	7,500 - 10,000
8.	Lester E Cox Medical	5,000 - 7,500
9.	Daimler Chrysler	5,000 - 7,500
10.	St. John's Regional Health Center	5,000 - 7,500
11.	St. John's Mercy Health	5,000 - 7,500
12.	Southwestern Bell	5,000 - 7,500
13.	St. Louis University	5,000 - 7,500
14.	United Parcel Service	5,000 - 7,500
15.	Walgreen Co. Illinois	5,000 - 7,500

Data Source:
Missouri Department of Economic Development

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Population Statistics

Census Year	Population (In Thousands)	% Change	% of Total Urban	% of Total Rural
2000	5,595	9.3	67.8	32.2
1990	5,117	4.1	68.7	31.3
1980	4,917	5.1	68.1	31.9
1970	4,677	8.3	70.1	29.9
1960	4,320	9.2	66.6	33.4
1950	3,955	4.5	61.5	38.5
1940	3,785	4.3	51.8	48.2
1930	3,629	6.6	51.2	48.8
1920	3,404	3.4	46.6	53.4
1910	3,293	6.0	42.3	57.7

Data Sources: U.S. Department of Commerce -- Bureau of the Census

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

School Enrollment
(In Thousands)

Academic Year	Elementary and Secondary Enrollment (1)	Higher Education Enrollment (2)	Totals	% Change From Prior Year
2004-05	892	235	1,127	0.3%
2003-04	893	231	1,124	0.5%
2002-03	894	224	1,118	1.4%
2001-02	890	213	1,103	0.3%
2000-01	894	206	1,100	0.2%
1999-00	895	203	1,098	0.5%
1998-99	895	198	1,093	0.6%
1997-98	893	194	1,087	1.4%
1996-97	883	189	1,072	1.1%
1995-96	874	186	1,060	1.0%
1994-95	862	188	1,050	0.9%
1993-94	852	189	1,041	0.8%

Data Sources: [1] Missouri Department of Elementary and Secondary Education

[2] Missouri Department of Higher Education. These statistics are based on full-time equivalent enrollment and do not include professional/technical schools.

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Personal Income

Calendar Year	Missouri Total Personal Income (In Millions)	U.S. Total Personal Income (In Millions)	Missouri Per Capita Personal Income	U.S. Per Capita Personal Income	Missouri % Change From Prior Year	U.S. % Change From Prior Year
2004	$ 175,611	$ 9,702,525	$ 30,516	$ 33,041	4.5	4.9
2003	165,967	9,148,680	29,094	31,459	2.5	2.2
2002	164,143	8,922,320	28,936	30,941	2.5	1.7
2001	159,093	8,677,490	28,221	30,413	2.6	2.2
2000	154,099	8,398,871	27,493	29,760	6.3	6.7
1999	143,814	7,779,521	25,857	27,880	2.7	3.7
1998	138,987	7,418,497	25,171	26,893	5.2	5.8
1997	131,144	6,928,545	23,926	25,412	4.8	4.7
1996	123,992	6,538,103	22,828	24,270	4.4	4.4
1995	117,640	6,192,235	21,873	23,255	3.7	4.1
1994	112,314	5,878,362	21,094	22,340	4.6	3.7
1993	106,298	5,598,446	20,166	21,539	3.7	2.8

Data Source: U.S. Department of Commerce -- Bureau of Economic Analysis

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
DEMOGRAPHIC STATISTICS

Employment
(In Thousands Except Unemployment Rates Data)

Calendar Year	Civilian Labor Force	Total Employed	Total Unemployed	Missouri Unemployment Rate	U.S. Unemployment Rate
2004	3,028	2,867	161	5.3	5.5
2003	3,021	2,850	170	5.6	6.0
2002	2,990	2,825	165	5.5	5.8
2001	2,970	2,830	140	4.7	4.7
2000	2,930	2,828	102	3.5	4.0
1999	2,841	2,745	96	3.4	4.2
1998	2,854	2,735	119	4.2	4.5
1997	2,891	2,769	122	4.2	4.9
1996	2,905	2,772	133	4.6	5.4
1995	2,833	2,698	135	4.8	5.6
1994	2,698	2,567	131	4.9	6.1
1993	2,661	2,489	172	6.5	6.9

Data Source: Missouri Department of Labor and Industrial Relations

MISSOURI DEVELOPMENT FINANCE BOARD
(STATE OF MISSOURI)
SCHEDULE OF MISCELLANEOUS STATISTICS
As of June 30, 2005

Dates of Legislative Authorization……………………………………………………………1982, 1985, 1989, 1993

Number of Projects since Inception……………………………………………………………………………..390

Amount of Board Authorized Projects since Inception ……………………………………..…………$2,066,346,114

State of Missouri

Adoption of State Constitution 1821, 1865, 1877, 1945

Land Area (Square Miles).. 68,945

Miles of State Highway... 32,402

State Highway Patrol Protection:

Number of Troops (Stations) 9
Number of Commissioned Highway Patrol Officers 1,043

Higher Education:

Public Community Colleges -
Number of Campuses 18
Number of Students [average annual full-time equivalent (FTE)].. 52,204
Number of Regular Term Teaching Positions (FTE) 1,291

State Technical College –
Number of Campuses 1
Number of Students (FTE).. 854
Number of Regular Term Teaching Positions (FTE) 50

State Colleges/Universities -
Number of Campuses 14
Number of Regular Term Students (FTE).. 100,717
Number of Regular Term Teaching Positions (FTE) 4,597

Recreation:

Number of State Parks and Historic Sites 84
Acres of State Parks and Historic Sites.. 200,416
Number of State Conservation Areas 1,128
Acres of State Conservation Areas 976,374

Sources:

Land Area ....Missouri State Manual
Miles of Highway ....Department of Transportation
State Highway Patrol Protection..Department of Public Safety/Highway Patrol
Higher Education ....Department of Higher Education
Recreation..Department of Conservation
Department of Natural Resources/Division of State Parks

MISSOURI DEVELOPMENT FINANCE BOARD
ACKNOWLEDGEMENTS

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